

# **KONKA GROUP CO., LTD.**

## **INTERIM REPORT 2019**

2019-76

**August 2019**

## **Part I Important Notes, Table of Contents and Definitions**

**The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Konka Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.**

**Liu Fengxi, the Company’s legal representative, Li Chunlei, the Company’s Chief Financial Officer (CFO), and Feng Junxiu, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.**

**All the Company’s directors have attended the Board meeting for the review of this Report and its summary.**

**Any plans for the future or other forward-looking statements mentioned in this Report and its summary shall NOT be considered as absolute promises of the Company to investors. Therefore, investors are reminded to exercise caution when making investment decisions.**

**The Company has no interim dividend plan, either in the form of cash or stock.**

**This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.**

## Table of Contents

|   |            |
|---|------------|
| <b>Interim Report 2019.....</b>   | <b>1</b>   |
| <b>Part I Important Notes, Table of Contents and Definitions.....</b>   | <b>2</b>   |
| <b>Part II Corporate Information and Key Financial Information.....</b> | <b>8</b>   |
| <b>Part III Business Summary.....</b>                                   | <b>11</b>  |
| <b>Part IV Operating Performance Discussion and Analysis.....</b>       | <b>14</b>  |
| <b>Part V Significant Events.....</b>                                   | <b>28</b>  |
| <b>Part VI Share Changes and Shareholder Information.....</b>           | <b>47</b>  |
| <b>Part VII Preferred Shares.....</b>                                   | <b>51</b>  |
| <b>Part VIII Directors, Supervisors and Senior Management.....</b>      | <b>52</b>  |
| <b>Part IX Corporate Bonds.....</b>                                     | <b>53</b>  |
| <b>Part X Financial Statements.....</b>                                 | <b>58</b>  |
| <b>Part XI Documents Available for Reference.....</b>                   | <b>309</b> |

## Definitions

| Term  | Definition   |
|---|--|
| The “Company”, the “Group”, “Konka Group” or “we” | Konka Group Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires |
| Anhui Electrical Appliance                        | Anhui Konka Electrical Appliance Technology Co., Ltd.  |
| Anhui Konka                                       | Anhui Konka Electronic Co., Ltd.   |
| Anhui Tongchuang                                  | Anhui Konka Tongchuang Electrical Appliances Co., Ltd.   |
| Anhui Zhilian                                     | Anhui Konka Zhilian E-Commerce Co., Ltd.   |
| Beijing Konka Electronic                          | Beijing Konka Electronic Co., Ltd.   |
| Boluo Konka Precision                             | Boluo Konka Precision Technology Co., Ltd.   |
| Boluo Konka                                       | Boluo Konka PCB Co., Ltd.  |
| Industrial New Town                               | Sichuan Konka Industrial New Town Development Co., Ltd.  |
| Chengdu Anren                                     | Chengdu Anren Konka Cultural and Creative Incubator Management Co., Ltd.                             |
| Chengdu Konka Incubator                           | Chengdu Konka Incubator Management Co., Ltd.   |
| Chuzhou Kangyong                                  | Chuzhou Kangyong Health Industry Development Co., Ltd.   |
| Chuzhou Konka TID                                 | Chuzhou Konka Technology & Industry Development Co., Ltd.  |
| Chuanghui Smart                                   | Nanjing Chuanghui Smart Technology Co., Ltd.   |
| Electronics Technology                            | Shenzhen Konka Electronics Technology Co., Ltd.  |
| Dongguan Packing                                  | Dongguan Konka Packing Materials Co., Ltd.   |
| Dongguan Konka                                    | Dongguan Konka Electronic Co., Ltd.  |
| Dongguan Konka Investment                         | Dongguan Konka Investment Co., Ltd.  |
| Hainan Technology                                 | Hainan Konka Technology Industry Development Co., Ltd.   |
| Hefei KONSEMI                                     | Hefei KONSEMI Storage Technology Co., Ltd.   |
| Jiali International                               | Jiali International (Hong Kong) Limited  |
| Jiixin Technology                                 | Jiixin Technology Co., Ltd.  |
| Jiangxi Konka                                     | Jiangxi Konka New Material Technology Co., Ltd.  |
| Konka Electrical Appliances International Trading | Konka Electrical Appliances International Trading Co., Ltd.  |
| Konka Electrical Appliances Investment            | Konka Electrical Appliances Investment & Development Co., Ltd.                                       |
| Konka Factoring                                   | Konka Factoring (Shenzhen) Co., Ltd.   |
| Konka Material                                    | Hainan Konka Material Technology Co., Ltd.   |
| Konka Ventures                                    | Konka Ventures Development (Shenzhen) Co., Ltd.  |
| Konka Enterprise Service                          | Guiyang Konka Enterprise Service Co., Ltd.   |

|                                       |  |
|---------------------------------------|--|
| Konka Electrical Appliances           | Shenzhen Konka Electrical Appliances Co., Ltd.                         |
| Konka Huanjia                         | Konka Huanjia (Dalian) Environmental Technology Co., Ltd.              |
| Konka Huanjia (Henan)                 | Konka Huanjia (Henan) Environmental Technology Co., Ltd.               |
| Konka Unifortune                      | Shenzhen Konka Unifortune Technology Co., Ltd.                         |
| Konka Enterprise Management           | Guizhou Konka Enterprise Management Service Co., Ltd.                  |
| Konka Ronghe                          | Konka Ronghe Industrial Technology (Foshan) Co., Ltd.                  |
| Konka Eco-Development                 | Shenzhen Konka Eco-Development Investment Co., Ltd.                    |
| Konka Suyuan                          | Shenzhen Konka Suyuan Investment Industrial Co., Ltd.                  |
| Konka Suiyong                         | Konka Suiyong Investment (Shenzhen) Co., Ltd.                          |
| Kangjiatong                           | Sichuan Kangjiatong Technology Co., Ltd.                               |
| Konka Investment                      | Shenzhen Konka Investment Holding Co., Ltd.                            |
| Konka E-display                       | Shenzhen Konka E-display Co., Ltd.                                     |
| Konka SmartTech                       | Konka SmartTech Limited  |
| Konka Capital                         | Shenzhen Konka Capital Equity Investment Management Co., Ltd.          |
| Konka Leasing                         | Konka Financial Leasing (Tianjin) Co., Ltd.                            |
| Kangjietong                           | Kangjietong (Hong Kong) Limited  |
| Kangqiao Easy Chain                   | Shenzhen Kangqiao Easy Chain Technology Co., Ltd.                      |
| Kangquan Enterprise                   | Shenzhen Kangquan Enterprise Management Consulting Co., Ltd.           |
| Kangzhi Trade                         | Anhui Kangzhi Trade Co., Ltd.  |
| Cross-Border Technological Innovation | Shenzhen Konka Cross-Border Technological Innovation Service Co., Ltd. |
| Mudanjiang Appliances                 | Mudanjiang Arctic Ocean Appliances Co., Ltd.                           |
| Nano Crystallized Glass               | Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd.               |
| Nanjing Konka                         | Nanjing Konka Smart Technology Co., Ltd.                               |
| Konka Europe                          | Konka (Europe) Co., Ltd.   |
| Fittings Technology                   | Shenzhen Konka Electronic Fittings Technology Co., Ltd.                |
| Konka Pengrun                         | Shenzhen Konka Pengrun Technology & Industry Co., Ltd.                 |
| Xiamen Dalong                         | Xiamen Dalong Trading Co., Ltd.  |
| Shandong Kangxin                      | Shandong Kangxin Industrial Development Co., Ltd.                      |
| Commercial System Technology          | Shenzhen Konka Commercial System Technology Co., Ltd.                  |
| Shanghai Konka                        | Shanghai Konka Industrial Co., Ltd.                                    |
| Shanghai Xinfeng                      | Shanghai Xinfeng Zhuoqun PCB Co., Ltd.                                 |
| Shenzhen Huanan                       | Shenzhen Huanan Investment Partnership (Limited Partnership)           |
| Shenzhen KONSEMI                      | Shenzhen KONSEMI Co., Ltd.   |
| Shenzhen Meixin                       | Shenzhen Meixin Semiconductor Technology Co., Ltd.                     |
| Shenzhen Nianhua                      | Shenzhen Nianhua Enterprise Management Co., Ltd.                       |

|  |   |
|--|---|
| Life Electric Appliance                      | Shenzhen Konka Life Electric Appliance Co., Ltd.                                |
| Shengxing Industrial                         | Shenzhen Konka Shengxing Industrial Co., Ltd.                                   |
| Sichuan Konka                                | Sichuan Konka Smart Terminal Technology Co., Ltd                                |
| Suining Electronic Technological Innovation  | Suining Konka Electronic Technological Innovation Co., Ltd.                     |
| Suining Konka Industrial Park                | Suining Konka Industrial Park Development Co., Ltd.                             |
| Telecommunication Technology                 | Shenzhen Konka Telecommunications Technology Co., Ltd.                          |
| Wankaida                                     | Shenzhen Wankaida Science and Technology Co., Ltd.                              |
| Hong Kong Konka                              | Hong Kong Konka Limited   |
| Konka Mobility                               | Konka Mobility Co., Limited   |
| Xiaojia Technology                           | Shenzhen Xiaojia Technology Co., Ltd.   |
| Frestec Electrical Appliances                | Henan Frestec Electrical Appliances Co., Ltd.                                   |
| Frestec Household Appliances                 | Henan Frestec Household Appliances Co., Ltd.                                    |
| Frestec Refrigeration                        | Henan Frestec Refrigeration Appliance Co., Ltd.                                 |
| Xinfeng Microcrystalline                     | Jiangxi Xinfeng Microcrystalline Jade Co., Ltd.                                 |
| XingDa HongYe                                | GuangDong XingDa HongYe Electronic Co., Ltd.                                    |
| Yantai Konka                                 | Yantai Konka Healthcare Enterprise Service Co., Ltd.                            |
| Yantai Konka Industrial                      | Yantai Konka Industrial Co., Ltd.   |
| Yantai Kangjin                               | Yantai Kangjin Technology Development Co., Ltd.                                 |
| E-display Service                            | Shenzhen E-display Service Co., Ltd.  |
| Yibin Konka Technology Park                  | Yibin Konka Technology Park Operation Co., Ltd.                                 |
| Yibin Konka Incubator                        | Yibin Konka Incubator Management Co., Ltd.                                      |
| Mobile Interconnection                       | Shenzhen Konka Mobile Interconnection Technology Co., Ltd.                      |
| Yihe Electronic                              | Hefei Yihe Electronic Co., Ltd.   |
| Yifang Technology                            | Shenzhen Konka Yifang Technology Co., Ltd.                                      |
| E3info                                       | E3info (Hainan) Technology Co., Ltd.  |
| E2info                                       | Shenzhen E2info Network Technology Co., Ltd.                                    |
| Econ Technology                              | Shandong Econ Technology Co., Ltd. (inclusive of its consolidated subsidiaries) |
| Youshi Kangrong                              | Youshi Kangrong Culture Communication Co., Ltd.                                 |
| Youzhihui                                    | Shenzhen Youzhihui Technology Co., Ltd.   |
| Smart Technology                             | Yibin Konka Smart Technology Co., Ltd.  |
| Chain Kingdom Memory Technologies            | Chain Kingdom Memory Technologies Co., Limited                                  |
| Chain Kingdom Memory Technologies (Shenzhen) | Chain Kingdom Memory Technologies (Shenzhen) Co., Ltd.                          |
| Chongqing Konka                              | Chongqing Konka Technology Development Co., Ltd.                                |

|                                |  |
|--------------------------------|--|
| CSRC                           | The China Securities Regulatory Commission   |
| SZSE                           | The Shenzhen Stock Exchange  |
| CSRC Shenzhen                  | The Shenzhen Bureau of the China Securities Regulatory Commission  |
| RMB, RMB'0,000, RMB'00,000,000 | Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi |

## Part II Corporate Information and Key Financial Information

### I Corporate Information

|                                  |                              |            |                |
|----------------------------------|------------------------------|------------|----------------|
| Stock name                       | Konka Group-A, Konka Group-B | Stock code | 000016, 200016 |
| Changed stock name (if any)      | N/A                          |            |                |
| Stock exchange for stock listing | Shenzhen Stock Exchange      |            |                |
| Company name in Chinese          | 康佳集团股份有限公司                   |            |                |
| Abbr. (if any)                   | 康佳集团                         |            |                |
| Company name in English (if any) | KONKA GROUP CO.,LTD          |            |                |
| Abbr. (if any)                   | KONKA GROUP                  |            |                |
| Legal representative             | Liu Fengxi                   |            |                |

### II Contact Information

|               | Board Secretary  | Securities Representative  |
|---------------|--|--|
| Name          | Wu Yongjun   | Miao Leiqiang  |
| Address       | Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China | Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China |
| Tel.          | 0755-26609138  | 0755-26609138  |
| Fax           | 0755-26601139  | 0755-26601139  |
| Email address | szkonka@konka.com  | szkonka@konka.com  |

### III Other Information

#### 1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

Applicable  Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2018 Annual Report.



## 2. Media for Information Disclosure and Place where this Report is Lodged

Indicate by tick mark whether any change occurred to the information disclosure media and the place for lodging the Company's periodic reports in the Reporting Period.

Applicable  Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for lodging such reports did not change in the Reporting Period. The said information can be found in the 2018 Annual Report.

## IV Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes  No

|  | H1 2019           | H1 2018           | Change (%) |
|--|-------------------|-------------------|------------|
| Operating revenue (RMB)  | 26,036,442,813.84 | 17,625,414,769.82 | 47.72%     |
| Net profit attributable to the listed company's shareholders (RMB)                                     | 352,767,020.73    | 341,793,039.03    | 3.21%      |
| Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB) | -622,911,633.57   | -300,870,612.80   | -107.04%   |
| Net cash generated from/used in operating activities (RMB)   | -2,042,956,171.77 | -1,838,158,705.86 | -11.14%    |
| Basic earnings per share (RMB/share)   | 0.1465            | 0.1419            | 3.24%      |
| Diluted earnings per share (RMB/share)   | 0.1465            | 0.1419            | 3.24%      |
| Weighted average return on equity (%)  | 4.25%             | 4.19%             | 0.06%      |
|  | 30 June 2019      | 31 December 2018  | Change (%) |
| Total assets (RMB)   | 37,939,411,460.71 | 32,985,061,889.03 | 15.02%     |
| Equity attributable to the listed company's shareholders (RMB)   | 8,239,642,204.00  | 8,104,736,790.53  | 1.66%      |

## V Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

### 1. Net Profit and Equity under CAS and IFRS

Applicable  Not applicable

No such differences for the Reporting Period.

## 2. Net Profit and Equity Differences under CAS and Foreign Accounting Standards

Applicable  Not applicable

No such differences for the Reporting Period.

## XI Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB

| Item   | H1 2019        | Note |
|--|----------------|------|
| Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)  | 570,011,162.17 |      |
| Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)   | 320,821,164.45 |      |
| Gain or loss on assets entrusted to other entities for investment or management  | 110,312,982.21 |      |
| Gain or loss on fair-value changes in trading and derivative financial assets and liabilities & income from disposal of trading and derivative financial assets and liabilities and investments in other debt obligations (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business) | -13,291,264.69 |      |
| Gain or loss on loan entrustments  | 928,721.16     |      |
| Non-operating income and expense other than the above  | 19,460,574.99  |      |
| Other gains and losses that meet the definition of exceptional gain/loss   | 136,688,905.38 |      |
| Less: Income tax effects   | 82,538,800.98  |      |
| Non-controlling interests effects (net of tax)   | 86,714,790.39  |      |
| Total  | 975,678,654.30 | --   |

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable  Not applicable

| Item                    | Amount involved (RMB) | Reason   |
|-------------------------|-----------------------|--|
| Tax rebates on software | 23,063,806.91         | Government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards |

## Part III Business Summary

### I Principal Activity of the Company in the Reporting Period

Is the Company subject to any industry-specific disclosure requirements?

No.

Currently, the Company consists of three major business divisions, namely, the consumer electronic division, the supply chain management division and the environmental protection division, which are detailed as follows:

#### (I) The Consumer Electronic Division

This division primarily comprises the multimedia sub-division, the white goods sub-division and the mobile phone sub-division, with details as follows:

##### 1. The Multimedia Sub-Division

The Company provides multimedia products and services, including colour TVs and Internet TV services, for both domestic and overseas markets.

The domestic sales of the Company's colour TVs are realized mainly through B2B (Business-to-Business) and B2C (Business-to-Consumer), with its branch companies, business departments and after-sales maintenance points operating across the country. And the Company profits from the margins between the costs and the selling prices of its colour TVs.

As for selling its colour TVs abroad, the Company mainly relies on B2B. Its colour TVs are sold to Asia Pacific, Middle East, Central & South America, East Europe, etc. And operating profit source is also the differences between the costs and the selling prices of its colour TVs.

Internet business is based on the intelligent TV terminals sold by our company. It mainly carries out three aspects of business. Firstly, it works with other Internet companies to provide end users with, among other content, video, educational, music, medical and game content to generate earnings. Secondly, it analyses user behaviours and offer certain free, interactive services to increase attractiveness to users, promote its brand and stimulate desire for its hardware products. Finally, it is trying to build an Internet TV platform with tens of millions of users, on which it will profit through commercial and application distribution. This Internet TV business is key to the Company's Internet-oriented transformation and upgrade to a development model of "hardware + software" and "smart TV + end users".

##### 2. The White Goods Sub-Division

The white goods produced by the Company mainly include refrigerators, washing machines, air conditioners, freezers, etc., which are sold through B2B and B2C mainly to the domestic market. And the Company profits from the margins between the costs and the selling prices of its white

goods.

### 3. The Mobile Phone Sub-Division

The mobile phones of the Company are sold to both the domestic and overseas markets. The overseas sales mainly rely on B2B and the profit comes from the margins between the costs and the selling prices of the mobile phones. As for the domestic sales of its mobile phones, the Company relies on B2B and B2C, and profits mainly from the costs and the selling prices of its products and slightly from the related value added services.

#### (II) The Supply Chain Management Division

In this business, relying on the advantages of the raw material procurement channels, distribution systems and terminal networks of its consumer electronic business, the Company helps upstream and downstream enterprises of the supply chain solve channel problems caused by asymmetric information and improve efficiency. At present, this business runs on two models. In the procurement and distribution supply chain model, the Company benefits from purchasing IC chips, LCD screens, etc. from upstream suppliers and selling them to downstream customers through the supply chain of its traditional core business. Supply chain services are another model. Capitalizing on its years of experience in product quality control, outsourcing partner assessment and international trade, the Company is able to help improve the client's supply chain in efficiency and cost through the provision of services including product quality control, warehousing and logistics, customs clearance of imports and exports, documentation, tax handling, outsourcing partner selection, etc. Profit comes from service charges. Additionally, the supply chain management business can help the Company establish good relationships with its upstream suppliers and downstream customers, and keep it informed of prices of the materials used in its production for better cost control over its existing products.

#### (III) The Environmental Protection Division

Currently, this business focuses on water treatment, recycling of renewable resources and the new material of glass ceramic. Water engineering PPP (Public-Private Partnership) projects are undertaken under BOT (Build-Operate-Transfer) or EPC (Energy Performance Contracting) models. Renewable resources are collected, sorted, processed, distributed and sold. And glass ceramic products are developed, produced and marketed.

## II Significant Changes in Major Assets

### 1. Significant Changes in Major Assets

| Major assets  | Main reason for significant changes |
|---------------|-------------------------------------|
| Equity assets | No significant change               |
| Fixed assets  | No significant change               |

|                          |   |
|--------------------------|---|
| Intangible assets        | No significant change   |
| Construction in progress | Construction in progress at the end of the Reporting Period rose 27.52% compared to the beginning amount, primarily driven by new environmental projects during the Reporting Period. |

## 2. Major Assets Overseas

Applicable  Not applicable

## III Core Competitiveness Analysis

Is the Company subject to any industry-specific disclosure requirements?

No.

The Company's core competitiveness lies in its R&D ability, brand, marketing network and human resources. It has developed a three-level R&D system of "Konka Research Institute-Multimedia R&D Centre-specialized design institutes", with close to 100 core technologies and approximately 2,000 R&D personnel. It also boasts a strong brand presence among consumers, as well as among banks and other financing channels. Additionally, its domestic marketing and service network, including more than 60 branch companies, over 200 offices and about 3,300 after-sales service stations across the country, directly connect to around 3,000 retail terminals, along with a well-established overseas marketing network. Meanwhile, it has high-level personnel with years of rich management and industry experience, as well as a high-quality team with strong execution capabilities.

## Part IV Operating Performance Discussion and Analysis

### I Overview

The Company carried on with its long-term development strategy of “Technology + Industry + Park” during the Reporting Period, made progress in the following aspects:

1. The mixed-ownership reform progressed further, bringing more vitality to the subordinates. During the Reporting Period, in order to further promote the mixed-ownership reform on the subordinates and refine the asset allocation of the Company, Shenzhen Konka E-display Co., Ltd. introduced Shenzhen MACC Investment Holding Co., Ltd., which owns upstream resources, as a shareholder. In addition, the multimedia business of the Company kept enhancing its competitiveness by taking reform measures such as promoting the mixed-ownership reform on the sales subsidiaries and building an independent domestic service system.
2. Efforts were stepped up in technological R&D to enhance independent innovation. During the Reporting Period, the Company proactively implemented the approach of “independent innovation + technology introduction”. R&D investment increased by 14.74% year-on-year in the first half of this year and built a three-level lab system (a comprehensive lab at the Headquarters level, key labs at the level of cooperation between the Headquarters and the business departments, and improvement labs at the business department level). More than a dozen of high-end personnel from around the world were introduced to the system, and an intent was reached with research institutes such as the Shenzhen Institutes of Advanced Technology of the Chinese Academy of Sciences and the Harbin Institute of Technology, Shenzhen to jointly produce post-doctoral talent. During the period, a number of programmes featuring independent innovation by the Company received commendations, including the National Second Prize for Progress in Science and Technology for the programme of the Digital TV Broadcast System and the Domestication of Core Chips, the Third Prize for Progress in Science and Technology for the programme of the Research and Industrialization of Key Quality Management Technologies for Food in Refrigerators by the China Light Industry Council, as well as the inclusion of the programme of the 8K Equipment End-to-End Signal Connection Key Technology and R&D of Terminal Display Products in the Key R&D Programmes of Guangdong Province.
3. The Company continued to revitalize the Konka brand. During the Reporting Period, the Company took proactive measures to revitalize its brand through the approach of “enhance the top brand image, increase the brand’s popularity among young people, and upgrade the brand image by delivering a good brand story”. The brand promotion investment increased by 20.08% year-on-year in the first half of this year. The Company tried to make its brand more

attractive to young and international consumers by means of deep cooperation with widely-recognized media and platforms, as well as with Lu Han, a top star.

4. The core businesses saw further improvement. As a result, it recorded operating revenue of RMB26.036 billion for the period, up 47.72% year-on-year. During the Reporting Period, the environmental business reported close to RMB4.863 billion in operating revenue with steady progress made in water treatment, recycling of renewable resources and new materials; the white goods business posted a 50% year-on-year growth in operating revenue thanks to measures such as the integration of online and offline marketing and product upgrade in addition to the integration of the “Konka + Frestec” brand resources; and the multimedia business proactively refined its product mix, promoted mechanism reform and saw a markedly larger size of both the e-commerce and overseas operations, where a great deal of effort was put;

5. Technology park development moved on. According to the strategy of “Technology + Industry + Park”, the Company kept pace with the government planning for industry structure adjustment and transformation and upgrade, and proactively promoted its technology park business on the basis of its unique market, industry and operational resources. Following the implementation of a number of technology park projects in 2018, the Company moved on to plan for new parks in Haimen, Lankao, Yantai, Chongqing and other cities in the Reporting Period.

## II Analysis of Core Businesses

See “I Overview” above.

Year-on-year changes in key financial data:

Unit: RMB

|                        | H1 2019           | H1 2018           | Change (%) | Main reason for change   |
|------------------------|-------------------|-------------------|------------|--|
| Operating revenue      | 26,036,442,813.84 | 17,625,414,769.82 | 47.72%     | New inclusion of environmental revenue and year-on-year increase in supply chain trade revenue |
| Cost of sales          | 24,674,042,371.13 | 16,442,256,445.26 | 50.06%     |  |
| Selling expense        | 1,067,945,914.36  | 1,103,181,074.51  | -3.19%     |  |
| Administrative expense | 347,924,642.43    | 227,818,772.57    | 52.72%     | New subsidiaries in the Current Period   |
| Finance costs          | 414,260,463.03    | 36,292,909.41     | 1041.44%   | Private placements of RMB3.5 billion corporate bonds in the Current Period                     |
| Income tax expense     | 10,311,393.19     | -17,446,049.13    | 159.10%    | Disposal of assets, equity transfer and  |

|  |                   |                   |         |   |
|--|-------------------|-------------------|---------|---|
|  |                   |                   |         | receipt of government subsidy by subsidiary in the Current Period |
| R&D expense  | 157,210,338.94    | 137,008,896.76    | 14.74%  |   |
| Net cash generated from/used in operating activities | -2,042,956,171.77 | -1,838,158,705.86 | -11.14% |   |
| Net cash generated from/used in investing activities | -673,736,084.26   | -343,094,565.17   | -96.37% |   |
| Net cash generated from/used in financing activities | 3,992,809,825.25  | 2,880,630,318.57  | 38.61%  |   |
| Net increase in cash and cash equivalents            | 1,267,096,052.81  | 664,088,931.90    | 90.80%  |   |

Material changes to the profit structure or sources of the Company in the Reporting Period:

Applicable  Not applicable

No such changes.

Breakdown of core businesses:

Unit: RMB

|                          | Operating revenue | Cost of sales     | Gross profit margin | YoY change in operating revenue (%) | YoY change in cost of sales (%) | YoY change in gross profit margin (%) |
|--------------------------|-------------------|-------------------|---------------------|-------------------------------------|---------------------------------|---------------------------------------|
| By operating division    |                   |                   |                     |                                     |                                 |                                       |
| Supply chain management  | 14,549,000,969.03 | 14,359,602,494.69 | 1.30%               | 45.36%                              | 44.67%                          | 0.47%                                 |
| Electronics              | 6,292,729,392.42  | 5,545,179,041.15  | 11.88%              | -6.31%                              | -4.58%                          | -1.60%                                |
| Environmental protection | 4,863,145,443.76  | 4,524,853,380.07  | 6.96%               | 6138.69%                            | 8516.26%                        | -25.67%                               |
| By product category      |                   |                   |                     |                                     |                                 |                                       |
| Supply chain trade       | 14,549,000,969.03 | 14,359,602,494.69 | 1.30%               | 45.36%                              | 44.67%                          | 0.47%                                 |
| Environmental protection | 4,863,145,443.76  | 4,524,853,380.07  | 6.96%               | 6138.69%                            | 8516.26%                        | -25.67%                               |
| Colour TVs               | 3,844,847,424.42  | 3,596,446,860.11  | 6.46%               | -22.53%                             | -17.38%                         | -5.84%                                |
| White goods              | 1,637,709,425.79  | 1,345,643,531.66  | 17.83%              | 51.03%                              | 50.80%                          | 0.12%                                 |
| Mobile phones            | 205,434,258.43    | 201,988,459.74    | 1.68%               | 0.82%                               | -1.18%                          | 1.98%                                 |
| Other                    | 604,738,283.78    | 401,100,189.64    | 33.67%              | 29.93%                              | 10.90%                          | 11.38%                                |
| By operating segment     |                   |                   |                     |                                     |                                 |                                       |
| Overseas                 | 16,274,631,867.43 | 15,833,504,916.19 | 2.71%               | 34.15%                              | 32.58%                          | 1.15%                                 |
| Domestic                 | 9,430,243,937.78  | 8,596,129,999.73  | 8.85%               | 101.84%                             | 123.44%                         | -8.81%                                |



### III Analysis of Non-Core Businesses

√ Applicable □ Not applicable

Unit: RMB

|                                    | Amount         | As % of total profit | Source/Reason  | Exceptional or recurrent |
|------------------------------------|----------------|----------------------|--|--------------------------|
| Return on investment               | 559,161,027.92 | 114.34%              | Transfer of some equity interests in Nanjing K-Star Technology Park Operation and Management Co., Ltd., Shenzhen Konka E-display Co., Ltd. and Chuzhou Konka Technology & Industry Development Co., Ltd. in the Current Period | Exceptional              |
| Gain/loss on changes in fair value | -3,005,381.67  | -0.61%               |  | Exceptional              |
| Asset impairments                  | -11,717,767.29 | -2.40%               |  | Exceptional              |
| Non-operating income               | 22,269,442.09  | 4.55%                |  | Exceptional              |
| Non-operating expense              | 3,469,741.51   | 0.71%                |  | Exceptional              |

### IV Analysis of Assets and Liabilities

#### 1. Material Changes in Asset Composition

Unit: RMB

|                     | 30 June 2019     |                      | 30 June 2018     |                      | Change in percentage (%) | Reason for material change |
|---------------------|------------------|----------------------|------------------|----------------------|--------------------------|----------------------------|
|                     | Amount           | As % of total assets | Amount           | As % of total assets |                          |                            |
| Monetary capital    | 5,670,267,120.55 | 14.95%               | 3,911,820,154.60 | 13.90%               | 1.05%                    |                            |
| Accounts receivable | 5,468,498,179.21 | 14.41%               | 4,428,390,613.21 | 15.74%               | -1.33%                   |                            |
| Inventories         | 5,810,235,773.06 | 15.31%               | 4,854,235,062.74 | 17.25%               | -1.94%                   |                            |
| Investment property | 208,008,718.57   | 0.55%                | 213,639,992.84   | 0.76%                | -0.21%                   |                            |
| Long-term           | 2,846,608,296.03 | 7.50%                | 2,187,539,867.00 | 7.78%                | -0.28%                   |                            |

|                          |                   |        |                   |        |        |  |
|--------------------------|-------------------|--------|-------------------|--------|--------|--|
| equity investments       |                   |        |                   |        |        |  |
| Fixed assets             | 2,228,083,633.72  | 5.87%  | 1,789,101,811.32  | 6.36%  | -0.49% |  |
| Construction in progress | 2,776,018,241.52  | 7.32%  | 120,644,724.53    | 0.43%  | 6.89%  |  |
| Short-term borrowings    | 13,163,667,813.10 | 34.70% | 10,397,447,703.32 | 36.96% | -2.26% |  |
| Long-term borrowings     | 1,284,700,000.00  | 3.39%  | 501,000,000.00    | 1.78%  | 1.61%  |  |

## 2. Assets and Liabilities at Fair Value

√ Applicable □ Not applicable

Unit: RMB

| Item   | Beginning amount | Gain/loss on fair-value changes in the Reporting Period | Cumulative fair-value changes charged to equity | Impairment allowance for the Reporting Period | Purchased in the Reporting Period | Sold in the Reporting Period | Ending amount    |
|--|------------------|---|---|---|-----------------------------------|------------------------------|------------------|
| Financial assets   |                  |   |   |   |                                   |                              |                  |
| 1. Trading financial assets (exclusive of derivative financial assets) | 66,959,651.89    |   |   |   |                                   | -5,464,984.92                | 61,494,666.97    |
| 2. Derivative financial assets   |                  |   |   |   |                                   |                              |                  |
| 3. Investments in other debt obligations                               |                  |   |   |   |                                   |                              |                  |
| 4. Investments in other equity instruments                             | 23,940,214.36    |   |   | 4,800,000.00                                  |                                   |                              | 19,140,214.36    |
| Subtotal of financial assets   | 90,899,866.25    |   |   | 4,800,000.00                                  |                                   | -5,464,984.92                | 80,634,881.33    |
| Investment property  |                  |   |   |   |                                   |                              |                  |
| Productive living assets   |                  |   |   |   |                                   |                              |                  |
| Other  | 548,230,000.00   |   |   |   | 1,000,134,400.00                  |                              | 1,548,364,400.00 |
| Total of the above   | 639,129,866.25   |   |   | 4,800,000.00                                  | 1,000,134,400.00                  | -5,464,984.92                | 1,628,999,281.33 |
| Financial liabilities  | 2,459,603.25     |   |   |   |                                   | -2,459,603.25                | -                |

|  |  |  |  |  |  |      |  |
|--|--|--|--|--|--|------|--|
|  |  |  |  |  |  | 3.25 |  |
|--|--|--|--|--|--|------|--|

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes  No

### 3. Restricted Asset Rights as at the Period-End

| Item                  | Ending carrying value<br>(RMB'0,000) | Reason for restriction   |
|-----------------------|--------------------------------------|--|
| Monetary capital      | 96,902.16                            | Among them, RMB579,721,300 is all kinds of deposit that cannot be withdrawn at any time; RMB315 million is a time deposit; RMB49,081,800 is the funds of the households under the supervision of repayment; RMB19.8 million in deposits pledged as loans; RMB3.22 million is the lawsuit frozen fund; RMB2.1985 million restricted due to other reasons. |
| Notes receivable      | 118,688.30                           | As of 30 June 2019, the Company has pledged the notes receivable with the book value of RMB1,186.883 million for issuing bank acceptance bills, letters of credit, letters of guarantee, trade financing and other comprehensive financing services.   |
| Fixed assets          | 36,202.64                            | For mortgage borrowings. Refer to 25. Short-term Borrowings and 34. Long-term Borrowings in Note VI  |
| Intangible assets     | 13,805.57                            |  |
| Long-term receivables | 34,941.65                            | For pledge loans. Refer to 34. Long-term Borrowings in Note VI   |
| Total                 | <b>300,540.32</b>                    |  |

## V Investments Made

### 1. Total Investment Amount

Applicable  Not applicable

| Amount of Reporting Period (RMB) | Amount of the same period of last year<br>(RMB) | Change (%) |
|----------------------------------|---|------------|
| 1,156,259,360.00                 | 198,399,656.00                                  | 482.79%    |

### 2. Major Equity Investments Made in the Reporting Period

Applicable  Not applicable

### 3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable  Not applicable

Unit: RMB

| Item | Investment method | Fixed assets investment or | Industry involved | Input amount in the Reporting | Accumulative actual input | Capital resources | Progress | Estimated revenues | Accumulative realized revenues | reason for not | Disclosure date (if | Disclosure index (if |
|------|-------------------|----------------------------|-------------------|-------------------------------|---------------------------|-------------------|----------|--------------------|--------------------------------|----------------|---------------------|----------------------|
|------|-------------------|----------------------------|-------------------|-------------------------------|---------------------------|-------------------|----------|--------------------|--------------------------------|----------------|---------------------|----------------------|

|  | od             | not |                                | g Period          | amount<br>as of the<br>period-en<br>d |                             |            |   | as of the<br>period-en<br>d | meeting<br>the<br>schedule<br>and<br>expected<br>revenues | any)                   | any)   |
|--|----------------|-----|--------------------------------|-------------------|---------------------------------------|-----------------------------|------------|---|-----------------------------|---|------------------------|--|
| New plant<br>in<br>Dongguan<br>city  | Self-<br>build | Yes | Electro<br>nic<br>industr<br>y | 0                 | 0                                     | Self-<br>owne<br>d<br>funds | 0          | / |                             | N/A   | 11 March<br>2017       |  |
| Yibin<br>Konka<br>Smart<br>Terminal<br>High-Tech<br>Park                                 | Self-<br>build | Yes | Electro<br>nic<br>industr<br>y | 18,320,6<br>03.45 | 37,570,60<br>3.45                     | Self-<br>owne<br>d<br>funds | 10.7<br>3% | / |                             | N/A   | 16<br>December<br>2017 |  |
| Chengdu<br>Belt and<br>Road<br>Headquart<br>ers  | Self-<br>build | Yes | Electro<br>nic<br>industr<br>y | 0                 | 0                                     | Self-<br>owne<br>d<br>funds | 0          | / |                             | N/A   | 27 June<br>2018        |  |
| Suining<br>Konka<br>Electronic<br>technolog<br>y<br>Industrial<br>Park                   | Self-<br>build | Yes | Electro<br>nic<br>industr<br>y | 16,578,9<br>55.00 | 16,578,95<br>5.00                     | Self-<br>owne<br>d<br>funds | 1.01<br>%  | / |                             | N/A   | 17 October<br>2018     | <a href="http://www.cninfo.com.cn/new/index">http://ww<br/>w.cninfo.c<br/>om.cn/ne<br/>w/index</a> |
| Konka<br>(Chuzhou)<br>Smart<br>Appliance<br>s and<br>Equipmen<br>t<br>Industrial<br>Park | Self-<br>build | Yes | Electro<br>nic<br>industr<br>y | 10,298,2<br>70.02 | 87,286,43<br>8.02                     | Self-<br>owne<br>d<br>funds | 7.74<br>%  | / |                             | N/A   | 25<br>December<br>2018 |  |
| Haimen<br>Headquart<br>er for<br>eastern<br>China  | Self-<br>build | Yes | Electro<br>nic<br>industr<br>y | 0                 | 0                                     | Self-<br>owne<br>d<br>funds | 0          | / |                             | N/A   | 30 April<br>2019       |  |

|   |            |     |                                   |               |                |                  |       |   |  |     |              |
|---|------------|-----|-----------------------------------|---------------|----------------|------------------|-------|---|--|-----|--------------|
| Lankao Environmental Protection Business Industrial Park      | Self-build | Yes | Environmental protection industry | 10,041,100.00 | 10,041,100.00  | Self-owned funds | 3.36% | / |  | N/A | 21 May 2019  |
| Chongqing Konka Semiconductor Optoelectronics Industrial Park | Self-build | Yes | Electronic industry               | 0             | 0              | Self-owned funds | 0     | / |  | N/A | 14 June 2019 |
| Total   | --         | --  | --                                | 55,238,928.47 | 151,477,096.47 | --               | --    |   |  | --  | --           |

Note: (1) Concerning the Dongguan city's new plant, preparations are underway and the government has put out the target land for bids.

(2) Yibin with respect to the smart terminal high-tech park, the land for the project has been obtained and the main body is under construction.

(3) As for the Chengdu Belt and Road Headquarters, preparations are underway and the Company is waiting for the local government to put out the project target land for bids.

(4) As for Suining Konka Electronic technology Industrial Park, the industrial estate of 156 acres has been obtained and the Company is preparing necessary documents for construction.

(5) With respect to Konka (Chuzhou) Smart Appliances and Equipment Industrial Park, the land used for the project has been obtained and the construction of supporting area for living is in progress.

(6) Chongqing Konka Semiconductor Optoelectronics Industrial Park, the project company has been set up and the Company is waiting for the local government to put out the project target land for bids.

(7) As for Lankao Environmental Protection Industrial Park, the land used for the project has been obtained and is under the preparation for construction.

(8) As for Haimen Headquarters for Eastern China, preparations are underway and the Company is waiting for the local government to put out the project target land for bids.

#### 4. Financial Investments

##### (1) Securities Investments

Applicable  Not applicable

No such cases in the Reporting Period.

## (2) Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

|  |  |
|--|--|
| Funding source for derivative investment   | U.S. dollar financings   |
| Legal matters involved (if applicable)   | None   |
| Disclosure date of board announcement approving derivative investment (if any)   | 24 May 2014  |
| Disclosure date of shareholders' meeting announcement approving derivative investment (if any)   | 10 June 2014   |
| Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.) | We engage in forward forex transactions to reduce the currency risk when securing foreign-currency financing. This is very needed in our routine operation and is in compliance with the applicable laws and regulations. We have formulated the Management Rules of Konka Group Co., Ltd. for Investment In Derivative Financial Instruments, making clear the relevant consideration and approval procedure, risk control, etc.. We always sign forward forex contracts with large banks such as the Bank of China, which operate steadily and have good credit standing, which could help prevent loss on forward forex contracts due to bank failure.        |
| Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)                                | How we usually measure the fair value of derivative financial instruments: Based on the forward forex sales and purchase contracts that are signed between the Company and banks and have not expired in a Reporting Period, we recognize the differences between the quotations for these contracts on the balance sheet dates provided by the banks and the contractual prices as transactional financial assets or liabilities, and the profit/loss on fair value changes is recognized accordingly. Because these contracts have locked in exchange rates, no changes will occur when comparing the fair value on signing dates with that on delivery dates. |
| Material changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period  | No material changes  |
| Opinion of independent directors on derivative investments and risk control  | It is considered necessary for the Company to lock in foreign-currency financing costs through financial instruments, because it could effectively reduce the currency risk when securing foreign-currency financing. The Company has formulated the internal control mechanism for investment in derivative financial instruments, and the relevant risk control measures that the Company has taken are considered effective.  |

Unit: RMB'0,000

| Type of derivative financial instrument | Beginning contractual amount | Ending contractual amount | Gain/loss in Reporting Period | Ending investment amount as a percentage of the Company's ending net asset value |
|---|------------------------------|---------------------------|-------------------------------|--|
|   |                              |                           |                               |  |

|                        |           |   |           |    |
|------------------------|-----------|---|-----------|----|
| Forward forex contract | 61,356.18 | 0 | -1,329.13 | 0% |
|------------------------|-----------|---|-----------|----|

## VI Sale of Major Assets and Equity Interests

### 1. Sale of Major Assets

Applicable  Not applicable

No such cases in the Reporting Period

### 2. Sale of Major Equity Interests

Applicable  Not applicable

| Counterparty                               | Equity interests sold   | Date of sale | Selling price (RMB' 0,000) | Amount contributed by the equity interests to net income of the Company from period-beginning to date of sale (RMB' 0,000) | Effect of the sale on the Company   | Amount contributed by the sale to net income of the Company as a percentage of the Company's net income (%) | Pricing principle | Related-party transaction or not | Relationship between counterparty and the Company | Ownership fully transferred or not | Executed as scheduled or not, if not, state reason and actions taken | Disclosure date | Index to disclosed information  |
|--|---|--------------|----------------------------|--|---|---|-------------------|----------------------------------|---|------------------------------------|--|-----------------|---|
| Shenzhen MACC Investment Holding Co., Ltd. | 15% of equity interests of Shenzhen Konka E-display Co., Ltd. | 21 June 2019 | 3,750                      | 80.73  | Optimizing the Company's allocation of assets and promoting assets' liquidity | 26.06%  | Market price      | Not                              | Not related                                       | Yes                                | Yes  | 12 April 2019   | <a href="http://http://www.cninfo.com.cn/new/index">http://http://www.cninfo.com.cn/new/index</a> |

|  |   |              |         |         |   |        |                              |     |   |     |     |              |
|--|---|--------------|---------|---------|---|--------|------------------------------|-----|---|-----|-----|--------------|
| Shenzhen OCT Capital Investment Management Co., Ltd. | 51% of equity interests of Chuzhou Konkatech & Industry Development Co., Ltd. | 21 June 2019 | 6352.05 | -124.49 | Optimizing the Company's allocation of assets and promoting assets' liquidity | 18.26% | Not less than estimate value | Yes | Under the control of the same actual controller | Yes | Yes | 11 June 2019 |
|--|---|--------------|---------|---------|---|--------|------------------------------|-----|---|-----|-----|--------------|

## VII Major Subsidiaries

√ Applicable □ Not applicable

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit

Unit: RMB

| Name   | Relationship with the Company | Principal activity                                   | Registered capital | Total assets     | Net assets     | Operating revenue | Operating profit | Net profit     |
|--|-------------------------------|--|--------------------|------------------|----------------|-------------------|------------------|----------------|
| Anhui Konkatech Co., Ltd.                      | Subsidiary                    | Production and sale of multimedia products           | RMB140,000,000     | 1,819,651,517.22 | 625,467,790.74 | 4,227,651,025.46  | 270,002,635.96   | 229,344,247.51 |
| Hong Kong Konkatech Co., Ltd.                  | Subsidiary                    | Export & import of electromechanical and electronics | HKD500,000         | 2,723,237,995.41 | 255,615,942.86 | 2,611,943,571.45  | 38,658,252.16    | 33,927,798.70  |
| Chain Kingdom Memory Technologies Co., Limited | Subsidiary                    | Trade, industry and science and technology           | USD1,500,000       | 1,807,859,455.83 | 96,584,709.27  | 3,092,530,128.86  | 23,901,186.85    | 19,958,624.47  |
| Econ Technology                                | Subsidiary                    | Utilities-gas and water                              | RMB164,000,000     | 4,586,863,672.26 | 864,561,098.06 | 828,589,882.95    | 79,361,771.06    | 70,765,359.97  |



Konka Group Co., Ltd.  
Interim Report 2019

|   |            |   |                  |                  |                  |                  |                |                |
|---|------------|---|------------------|------------------|------------------|------------------|----------------|----------------|
| (Consolidated)                                      |            |   |                  |                  |                  |                  |                |                |
| Shenzhen Konka Electronics Technology Co., Ltd.     | Subsidiary | Electronic industry   | RMB1,000,000,000 | 3,315,897,785.86 | 1,075,295,257.60 | 3,643,261,471.53 | 128,309,667.65 | 129,398,806.11 |
| E2info  | Subsidiary | Internet and related services                                       | RMB20,174,070.81 | 386,593,479.15   | 164,732,854.78   | 105,379,023.82   | 57,022,559.67  | 48,711,754.74  |
| Konka Huanjia                                       | Subsidiary | Popularity and application of technologies                          | RMB180,000,000   | 2,064,552,715.31 | 320,294,584.58   | 3,907,011,852.57 | 117,564,885.43 | 89,593,343.05  |
| Chongqing Konka Technology Development Co., Ltd.    | Subsidiary | R&D, production, sales and support service provision of electronics | RMB120,000,000   | 240,011,000.00   | 210,008,250.00   | -                | 120,011,000.00 | 90,008,250.00  |
| Suining Konka Industrial Park Development Co., Ltd. | Subsidiary | Development, operation and management of industrial park            | RMB200,000,000   | 415,248,735.67   | 286,005,991.75   | -                | 114,674,655.67 | 86,005,991.75  |

Subsidiaries obtained or disposed in the Reporting Period:

√ Applicable □ Not applicable

| Subsidiary  | How subsidiary was obtained or disposed in the Reporting Period | Effects on overall operations and operating performance |
|---|---|---|
| Shenzhen Konka Shengxing Industrial Co., Ltd.               | Set-up  | No material effects                                     |
| Shenzhen Youzhihui Technology Co., Ltd.                     | Set-up  | No material effects                                     |
| Suining Konka Electronic Technological Innovation Co., Ltd. | Set-up  | No material effects                                     |
| Shenzhen Xiaojia Technology Co., Ltd.                       | Set-up  | No material effects                                     |
| Yibin Konka Smart Technology Co., Ltd.                      | Set-up  | No material effects                                     |
| Konka Huanjia (Henan) Environmental Technology Co., Ltd.    | Set-up  | No material effects                                     |

|  |   |   |
|--|---|---|
| Laizhou Lairun Sewage Treatment Co.,Ltd.                     | Set-up  | No material effects                                 |
| Funan Kangrun Water Co., Ltd.                                | Set-up  | No material effects                                 |
| Weifang Sihai Kangrun Investment Operation Co., Ltd.         | Set-up  | No material effects                                 |
| Hefei Yihe Electronic Co., Ltd.                              | Set-up  | No material effects                                 |
| Lushan Kangrun Environment Management Co., Ltd.              | Set-up  | No material effects                                 |
| Shenzhen Huanan Investment Partnership (Limited Partnership) | Set-up  | No material effects                                 |
| Chongqing Konka Technology Development Co., Ltd.             | Set-up  | No material effects                                 |
| Dongguan Konka Investment Co., Ltd.                          | Set-up  | No material effects                                 |
| Rushan Yikang Shell Technology Incubator Co., Ltd.           | Cancellation  | No material effects                                 |
| Yantai Huanhai Xinze Enterprise Management Co., Ltd.         | Cancellation  | No material effects                                 |
| Shenzhen Konka E-display Co., Ltd.                           | Transfer of 15% equity interests in Shenzhen Konka E-display Co., Ltd.                        | The equity interests transfer generated great gains |
| Chuzhou Konka Technology & Industry Development Co., Ltd.    | Transfer of 51% equity interests in Chuzhou Konka Technology & Industry Development Co., Ltd. | The equity interests transfer generated great gains |

Information about major majority- and minority-owned subsidiaries:

None

### VIII Structured Bodies Controlled by the Company

Applicable  Not applicable

### IX Performance Forecast for January-September 2019

Warning of forecast negative net profit for January-September 2018 or considerable YoY change therein, as well as the reasons:

Applicable  Not applicable

### X Risks Facing the Company and Countermeasures

The Company's consumer electronics business is seeing a decreased gross profit margin caused by slow growth in demand and increasingly fierce competition in the color TV, white goods and mobile phone markets. In response, the Company will adopt measures including adjusting the hardware product mix, strengthening product competitiveness, enhancing professionalism in user operation, improving Internet operations, and improving internal management.

As for the environmental protection business, the Company is a new comer in this sector. It still needs some time for the newly acquired and invested enterprises to integrate with the Company in operational and management mechanism, resource and corporate culture. And a great number of

reserve projects in this business are making more requirements for human resources. Therefore, the Company has started to work on the relevant operational mechanism, improve its monitoring of the majority-owned subsidiaries' operations, and bring in various resources so as to strengthen its operational capabilities in this respect.

## Part V Significant Events

### I Annual and Extraordinary General Meetings Convened during Reporting Period

#### 1. General Meetings Convened during Reporting Period

| Meeting   | Type          | Investor participation ratio | Convened date    | Date of resolution disclosure | Index to disclosed resolutions  |
|---|---------------|------------------------------|------------------|-------------------------------|---|
| The 1 <sup>st</sup> Extraordinary General Meeting of 2019 | Extraordinary | 24.31%                       | 20 February 2019 | 21 February 2019              | <a href="http://www.cninfo.com.cn/new/inde">http://www.cninfo.com.cn/new/inde</a> |
| 2018 Annual General Meeting                               | Annual        | 36.06%                       | 13 May 2019      | 14 May 2019                   | x   |

#### 2. Extraordinary General Meetings Convened at Request of Preferred Shareholders with Resumed Voting Rights

Applicable  Not applicable

#### II Interim Dividend Plan

Applicable  Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

#### III Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in Reporting Period or Ongoing at Period-End

Applicable  Not applicable

No such cases in the Reporting Period.

#### IV Engagement and Disengagement of Independent Auditor

Are the interim financial statements audited?

Yes  No

The interim financial statements are unaudited.

#### V Explanations Given by Board of Directors and Supervisory Committee Regarding Independent Auditor's "Modified Opinion" for Reporting Period

Applicable  Not applicable

#### VI Explanations Given by Board of Directors Regarding Independent Auditor's "Modified Opinion" for Last Year

Applicable  Not applicable

#### VII Insolvency and Reorganization

Applicable  Not applicable

No such cases in the Reporting Period.

## VIII Legal Matters

Material lawsuits or arbitrations:

Applicable  Not applicable

| General information   | Involved amount (RMB'0,000) | Provision | Progress | Decisions and effects | Execution of decisions | Disclosure date | Index to disclosed information |
|---|-----------------------------|-----------|----------|-----------------------|------------------------|-----------------|--------------------------------|
| As for the details, please refer to the Notes 2. Description of the Contingencies of the Commitments and the Contingencies of Chapter XII of the Notes to the Financial Report. |                             |           |          |                       |                        |                 |                                |

Other legal matters:

Applicable  Not applicable

## IX Punishments and Rectifications

Applicable  Not applicable

No such cases in the Reporting Period.

## X Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable  Not applicable

## XI Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable  Not applicable

No such cases in the Reporting Period.

## XII Major Related-Party Transactions

### 1. Continuing Related-Party Transactions

Applicable  Not applicable

| Related party                                 | Relationship with the Company    | Type of transaction   | Specific transaction  | Pricing principle | Transaction price | Total value (RMB'0,000) | As % of total value of all same-type transactions | Approved transaction line (RMB'0,000) | Over the approved line or not | Method of settlement | Obtainable market price for same-type transactions | Disclosure date | Index to disclosed information |
|---|----------------------------------|-----------------------|-----------------------|-------------------|-------------------|-------------------------|---|---------------------------------------|-------------------------------|----------------------|--|-----------------|--------------------------------|
| OCT Enterprises Co., Ltd and its subsidiaries | Under the same actual controller | Purchase of commodity | Purchase of commodity | Negotiated price  | Market price      | 922.56                  | 0.07%   | 2,000                                 | Not                           | Cash                 | N/A  | 30March 2019    | http://www.cninfo.com.cn       |

|  |                                  |                             |                           |   |              |          |       |       |     |      |     |    |         |
|--|----------------------------------|-----------------------------|---------------------------|---|--------------|----------|-------|-------|-----|------|-----|----|---------|
|  |                                  | ties and services           | rials and services        |   |              |          |       |       |     |      |     |    | w/index |
| OCT Enterprises Co., Ltd and its subsidiaries  | Under the same actual controller | Sales of goods and services | Sales of LCD and services | Negotiated price  | Market price | 1,852.09 | 0.13% | 3,000 | Not | Cash | N/A |    |         |
| Total  |                                  |                             |                           | --  | --           | 2,774.65 |       | 5000  | --  | --   | --  | -- |         |
| Large-amount sales return in detail  |                                  |                             |                           | N/A   |              |          |       |       |     |      |     |    |         |
| Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period |                                  |                             |                           | The Company has published the Forecasting Public Notice on Routine Related-party Transaction for 2019 on Securities Times, Shanghai Securities News and China Securities Journal as well as the Internet website designated by CSRC <a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a> on 30 March 2019. In the Reporting Period, the basis for pricing, transaction price, transaction amount and settlement methods of raw materials purchased by the Company were basically in accordance with the forecast. The total amount was RMB27.7465 million. |              |          |       |       |     |      |     |    |         |
| Reason for any significant difference between the transaction price and the market reference price (if applicable)   |                                  |                             |                           | N/A   |              |          |       |       |     |      |     |    |         |

## 2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable  Not applicable

## 3. Related Transactions Regarding Joint Investments in Third Parties

Applicable  Not applicable

No such cases in the Reporting Period.

## 4. Credits and Liabilities with Related Parties

Applicable  Not applicable

Indicate by tick mark whether there were any credits and liabilities with related parties for non-operating purposes.

Yes  No

Credits receivable with related parties:

| Related party | Related relationship | Forming reason | Whether there is occupation on non-operating | Beginning balance (RMB'0,000) | Increased in the Reporting Period (RMB'0,000) | Recovered in the Reporting Period (RMB'0,000) | Interest rate | Interest in the Reporting Period (RMB'0,000) | Ending balance (RMB'0,000) |
|---------------|----------------------|----------------|--|-------------------------------|---|---|---------------|--|----------------------------|
|               |                      |                |  |                               |   |   |               |  |                            |

|   |   |                | ting<br>capital or<br>not |        | 00) | 00) |       | 000)   |        |
|---|---|----------------|---------------------------|--------|-----|-----|-------|--------|--------|
| Yibin<br>OCT<br>Sanjiang<br>Real<br>Estate<br>Co., Ltd.   | Subsidiar<br>y of<br>controllin<br>g<br>sharehold<br>er | Borrowi<br>ngs | Not                       | 10,000 | 0   | 0   | 5.70% | 286.58 | 10,000 |
| Effects of credits with related parties on the<br>Company's operating results and financial<br>conditions |   |                |                           | None   |     |     |       |        |        |

Liabilities payable with related parties:

| Related<br>party  | Relat<br>ed<br>relati<br>onshi<br>p        | Formin<br>g<br>reason  | Beginning<br>balance<br>(RMB'0,000) | Increased in<br>the<br>Reporting<br>Period<br>(RMB'0,00<br>0)  | Repaid in<br>the<br>Reporting<br>Period<br>(RMB'0,<br>000) | Interest<br>rate | Interest in<br>the<br>Reporting<br>Period<br>(RMB'0,<br>000) | Ending<br>balance<br>(RMB'0,<br>000) |
|---|--|--|-------------------------------------|--|--|------------------|--|--------------------------------------|
| OCT<br>Enterpr<br>ises<br>Co.,<br>Ltd.  | Contr<br>ollin<br>g<br>share<br>holde<br>r | The<br>Compa<br>ny<br>applies<br>entrust<br>ed loan<br>to it | 10,000.00                           |  |  | 5.40%            | 271.50   | 10,000.00                            |
|   |  |  | 2,000.00                            |  |  | 5.60%            | 56.31  | 2,000.00                             |
|   |  |  | 140,000.00                          |  | 140,000.00   | 6.00%            | 3,080.00   |                                      |
|   |  |  | 48,000.00                           |  |  | 5.00%            | 1,448.00   | 48,000.00                            |
|   |  |  | 100,000.00                          |  |  | 6.00%            | 3,016.67   | 100,000.00                           |
|   |  |  |                                     | 22,192.44  |  | 5.00%            | 295.90   | 22,192.44                            |
|   |  |  | 27,656.00                           |  |  | 5.00%            | 656.83   | 27,656.00                            |
|   |  |  | 50,000.00                           |  | 39,192.44  | 5.00%            | 127.82   | 10,807.56                            |
|   |  |  | 50,000.00                           |  |  | 5.00%            | 1,256.94   | 50,000.00                            |
|   |  |  |                                     | 27,807.56  | 27,807.56  | 5.00%            | 520.39   |                                      |
|   |  |  |                                     | 17,000.00  | 17,000.00  | 5.00%            | 63.75  |                                      |
|   |  |  |                                     | 140,000.00   |  | 5.00%            | 941.11   | 140,000.00                           |
|   | 10,000.00                                  |  | 5.40%                               | 271.50   | 10,000.00  |                  |  |                                      |
| Effects of liabilities with related parties on<br>the Company's operating results and<br>financial conditions |  |  |                                     | The Company applies entrusted loan from OCT Enterprises<br>Co., Ltd. which meets the needs of the Company's existing<br>business development and reduces the financing cost. |  |                  |  |                                      |

5. Other Major Related-Party Transactions

√ Applicable □ Not applicable

(1) Transfer of equity interests of Chuzhou Konka TID: The 11<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors of the Company held on 6 June 2019 approved the Proposal on Transfer of 51% of Equity Interests of Chuzhou Konka Technology & Industry Development Co., Ltd. by Agreement and the Company decided to transfer 51% equity interests of Chuzhou Konka Technology & Industry Development Co., Ltd. to Shenzhen OCT Capital Investment Management Co., Ltd. via agreement with the price of RMB63.5205 million. At present, the Company has received the share transfer payment and the registration changing procedures of Chuzhou Konka Technology & Industry Development Co., Ltd. has been completed.

Index to the public announcements about the said related-party transactions disclosed

| Title of public announcement  | Disclosure date | Disclosure website  |
|---|-----------------|---|
| Announcement on Transfer of 51% of Equities of Chuzhou Konka Technology & Industry Development Co., Ltd. and Related-party Transactions | 11 June 2019    | <a href="http://http://www.cninfo.com.cn/new/index">http://http://www.cninfo.com.cn/new/index</a> |

### **XIII Occupation of the Company's Capital by Controlling Shareholder or Its Related Parties for Non-Operating Purposes**

Applicable  Not applicable

No such cases in the Reporting Period.

### **XIV Major Contracts and Their Execution**

#### **1. Entrustment, Contracting and Leases**

##### **(1) Entrustment**

Applicable  Not applicable

No such cases in the Reporting Period.

##### **(2) Contracting**

Applicable  Not applicable

No such cases in the Reporting Period.

##### **(3) Leases**

Applicable  Not applicable

No such cases in the Reporting Period.

During the reporting period, Kangjia R&D Building charged about 37.3187 million yuan in rent. Projects that bring profits and losses to the company more than 10% of the total profits in the reporting period

Applicable  Not applicable

During the reporting period, there is no leasing project which brings profits and losses to the company up to 10% of the total profits of the company during the reporting period.

#### **2. Major guarantees**

Applicable  Not applicable



**(1) Guarantees**

Unit: RMB'0,000

| Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries) |  |                   |  |   |                   |                   |                       |                                      |
|--|--|-------------------|--|---|-------------------|-------------------|-----------------------|--------------------------------------|
| Obligor  | Disclosure date of the guarantee line announcement | Line of guarantee | Actual occurrence date (date of agreement signing) | Actual guarantee amount   | Type of guarantee | Term of guarantee | Having expired or not | Guarantee for a related party or not |
| Jiangxi Xinxin Jianan Engineering Co., Ltd.  |  | 10,000            | 12 December 2016                                   | 10,000  | Joint-liability   |                   | Not                   | Not                                  |
| Jiangxi Zhongyi Decoration Materials Co., Ltd.   |  | 10,000            | 12 December 2016                                   | 10,000  | Joint-liability   |                   | Not                   | Not                                  |
| Jiangxi Shanshi Technological Development Co., Ltd.  |  | 10,000            | 12 December 2016                                   | 10,000  | Joint-liability   |                   | Not                   | Not                                  |
| Total approved line for such guarantees in the Reporting Period (A1)   |  |                   | 1,281  | Total actual amount of such guarantees in the Reporting Period (A2)             |                   |                   | 0                     |                                      |
| Total approved line for such guarantees at the end of the Reporting Period (A3)                                    |  |                   | 208,781  | Total actual balance of such guarantees at the end of the Reporting Period (A4) |                   |                   | 30,000                |                                      |
| Guarantees provided between the Company and subsidiaries   |  |                   |  |   |                   |                   |                       |                                      |
| Obligor  | Disclosure date of the guarantee line announcement | Line of guarantee | Actual occurrence date (date of agreement signing) | Actual guarantee amount   | Type of guarantee | Term of guarantee | Having expired or not | Guarantee for a related party or not |
| Anhui Tongchuan  | 31 March 2017, 23 May 2018 and 19 September 2018   | 90,000            | 7 November 2018                                    | 5,800   | Joint-liability   | One year          | Not                   | Not                                  |
|  |  |                   | 9 May 2018   | 4,500   | Joint-liability   |                   | Not                   | Not                                  |

|                 |                                     |         |                   |        |                 |           |     |     |
|-----------------|-------------------------------------|---------|-------------------|--------|-----------------|-----------|-----|-----|
|                 |                                     |         | 19 June 2018      | 3,000  | Joint-liability |           | Not | Not |
|                 |                                     |         | 20 September 2018 | 5,500  | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 10 January 2019   | 3,000  | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 11 January 2019   | 10,000 | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 23 January 2019   | 5,000  | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 24 June 2019      | 3,000  | Joint-liability | One year  | Not | Not |
| Anhui Konka     | 31 March 2017                       | 110,000 | 6 December 2018   | 10,000 | Joint-liability | One year  | Not | Not |
| Konka Factoring | 31 March 2018                       | 300,000 | 21 September 2018 | 20,000 | Joint-liability | One year  | Not | Not |
| Econ Technology | 19 September 2018                   | 120,000 | 10 October 2018   | 3,135  | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 23 April 2019     | 2,000  | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 13 May 2019       | 5,000  | Joint-liability | One year  | Not | Not |
| Jiangxi Konka   | 31 October 2018                     | 60,000  | 4 December 2018   | 10,000 | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 7 December 2018   | 10,000 | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 18 March 2019     | 11,961 | Joint-liability | Two years | Not | Not |
|                 |                                     |         | 28 February 2019  | 10,000 | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 27 June 2019      | 6,000  | Joint-liability | One year  | Not | Not |
| XingDa HongYe   | 19 September 2018 and 30 March 2019 | 20,000  | 21 November 2018  | 5,800  | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 19 April 2019     | 4,000  | Joint-liability | One year  | Not | Not |
|                 |                                     |         | 20 May 2019       | 1,000  | Joint-liability | One year  | Not | Not |
| Electronics     | 19 September 2018                   | 350,000 | 18 April 2019     | 58,000 | Joint-liability | One       | Not | Not |

| Technology  |  |                   |  |   |                   | year              |                       |                                       |
|---|--|-------------------|--|---|-------------------|-------------------|-----------------------|---------------------------------------|
|   |  |                   | 20 June 2019                                       | 5,000   | Joint-liability   | One year          | Not                   | Not                                   |
| Anhui Electrical Appliance  | 19 September 2018                                  | 30,000            | 2 February 2019                                    | 13,000  | Joint-liability   | Five years        | Not                   | Not                                   |
| Boluo Konka Precision   | 31 March 2018                                      | 5,000             | 20 February 2019                                   | 2,500   | Joint-liability   | Two years         | Not                   | Not                                   |
| Hong Kong Konka   | 31 March 2017 and 31 October 2018                  | 365,258           | 13 March 2019                                      | 15,868  | Joint-liability   | One year          | Not                   | Not                                   |
|   |  |                   | 7 August 2018                                      | 10,349  | Joint-liability   | One year          | Not                   | Not                                   |
| Sichuan Konka   | 31 March 2018                                      | 55,000            | 18 March 2019                                      | 4,000   | Joint-liability   | Three years       | Not                   | Not                                   |
| Xinfeng Microcrystalline  | 30 March 2019                                      | 25,000            | 19 June 2019                                       | 7,200   | Joint-liability   | One year          | Not                   | Not                                   |
| Nano Crystallized Glass   | 30 March 2019                                      | 45,000            | 26 June 2019                                       | 10,000  | Joint-liability   | Three years       | Not                   | Not                                   |
| Konka Pengrun   | 19 September 2018                                  | 20,000            | 24 June 2019                                       | 5,000   | Joint-liability   | One year          | Not                   | Not                                   |
| Total approved line for such guarantees in the Reporting Period (B1)            |  |                   | 140,200  | Total actual amount of such guarantees in the Reporting Period (B2)             |                   |                   | 181,529               |                                       |
| Total approved line for such guarantees at the end of the Reporting Period (B3) |  |                   | 2,043,394  | Total actual balance of such guarantees at the end of the Reporting Period (B4) |                   |                   | 263,813               |                                       |
| Guarantees provided between subsidiaries  |  |                   |  |   |                   |                   |                       |                                       |
| Obligor   | Disclosure date of the guarantee line announcement | Line of guarantee | Actual occurrence date (date of agreement signing) | Actual guarantee amount   | Type of guarantee | Term of guarantee | Having expired or not | Guaranteee for a related party or not |
| Sichuan Konka   |  | 14,000            | 28 May 2018  | 14,000  | Joint-liability   | Seven years       | Not                   | Not                                   |
| Rushan Econ   |  | 29,000            | 29 December 2016                                   | 29,000  | Joint-liability   | Ten years         | Not                   | Not                                   |
| XingDa HongYe   |  | 1,000             | 13 November 2018                                   | 1,000   | Joint-liability   | Two years         | Not                   | Not                                   |

|   |           |   |         |
|---|-----------|---|---------|
| Total approved line for such guarantees in the Reporting Period (C1)  | 0         | Total actual amount of such guarantees in the Reporting Period (C2)             | 0       |
| Total approved line for such guarantees at the end of the Reporting Period (C3)                               | 87,300    | Total actual balance of such guarantees at the end of the Reporting Period (C4) | 44,000  |
| Total guarantee amount (total of the three kinds of guarantees above)   |           |   |         |
| Total guarantee line approved in the Reporting Period (A1+B1+C1)  | 141,481   | Total actual guarantee amount in the Reporting Period (A2+B2+C2)                | 181,529 |
| Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)                                   | 2,339,475 | Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)    | 337,813 |
| Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets                                     | 41.00%    |   |         |
| Of which:   |           |   |         |
| Balance of guarantees provided for shareholders, actual controller and their related parties (D)              | 0         |   |         |
| Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E) | 337,813   |   |         |
| Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)                        | 0         |   |         |
| Total of the three amounts above (D+E+F)  | 337,813   |   |         |
| Joint responsibilities possibly borne in the Reporting Period for undue guarantees (if any)                   | N/A       |   |         |
| Provision of external guarantees in breach of the prescribed procedures (if any)                              | N/A       |   |         |

Compound guarantees:

None

## (2) Irregularities in Provision of Guarantees

Applicable  Not applicable

No such cases in the Reporting Period.

## 3. Other Major Contracts

Applicable  Not applicable

No such cases in the Reporting Period.

## XV Corporate Social Responsibility (CSR)

### 1. Material Environmental Issues

Is the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities?

Yes

| Name of polluter | Name of major pollutants | Way of discharge | Number of discharge outlets | Distribution of discharge outlets | Discharge concentration | Discharge standards implemented | Total discharge | Approved total discharge | Excessive discharge |
|------------------|--------------------------|------------------|-----------------------------|-----------------------------------|-------------------------|---------------------------------|-----------------|--------------------------|---------------------|
|                  |                          |                  |                             |                                   |                         |                                 |                 |                          |                     |

|                  |   |   |    |  |   |   |   |   |      |
|------------------|---|---|----|--|---|---|---|---|------|
|                  | Pollution sources of waste water: PH、copper、COD、 ammonia nitrogen、 total nitrogen、 total phosphorus   | Discharge of stationary pollution sources | 1  | Main discharge outlet of the waste water station   | PH6-9: copper $\leq 0.5\text{mg/L}$ ;<br>COD $\leq 80\text{mg/L}$ ;<br>ammonia nitrogen $\leq 15\text{mg/L}$ ; total nitrogen $\leq 20\text{mg/L}$ ; total phosphorus $\leq 1\text{mg/L}$   | Electroplating water pollutant discharge standard DB44/1597-2015 Table 1  | 44.8 million tons/year  | Total discharge 448,500 tons/year; pollutant COD 24,891 tons/year; ammonia nitrogen 3,982 tons/year; total nitrogen 9,373 tons/year; total phosphorus 0.439 tons/year | None |
| XingDa<br>HongYe | waste gas pollutants : sulfuric acid fume, hydrogen chloride, formaldehyde, hydrogen cyanide, nitrogen oxide, ammonia, benzene, methylbenzene, TVOC, tin and its compounds, PM (dust), oil fume | Discharge of stationary pollution sources | 14 | Three on the roof of one plant, ten on the roof of two plants and one on the roof of the canteen | sulfuric acid fume $\leq 30\text{mg/m}^3$ ;<br>nitrogen oxide $\leq 200\text{mg/m}^3$ ;<br>hydrogen chloride $\leq 30\text{mg/m}^3$ ;<br>TVOC $\leq 90\text{mg/m}^3$ ;<br>benzene $\leq 12\text{mg/m}^3$ ;<br>methylbenzene $\leq 40\text{mg/m}^3$ ;<br>dimethylbenzene $\leq 70\text{mg/m}^3$ ; tin and its compounds $\leq 8.5\text{mg/m}^3$ ; PM (dust) $\leq 120\text{mg/m}^3$ ; oil fume $\leq 2\text{mg/m}^3$ | Emission Standard for Electroplating Pollutants GB21900-2008 Air Emission Limits Table 5, Guangdong Air Pollutant Emission Standard DB44/27-2001 the Second Level Standard in the Second Period, Emission standard for Odor Pollutants (GB 14554-1993) Table 2 Standard, Emission standard of cooking fume (GB18483-2001) | 2,986,560,000 standard cube/year (note: the total discharge is not stated in the latest version of national discharge permit in 2018; two exhaust towers were added in 2018; calculated based on air volume in environmental impact assessment) | None  |      |

### (1) The construction of anti-pollution facilities and its operation situation

All production equipment of Guangdong Xingda Hongye Electronics Co., Ltd. has been set up with supporting environmental protection facilities according to the requirements of environmental impact assessment. The discharge of wastewater, waste gas and noise as well as the disposal of all solid wastes in the Company all met the standards during the Reporting Period.

The sewage treatment centre of Guangdong Xingda Hongye Electronics Co., Ltd. with an investment of about RMB15 million was formally put into production in June 2007, and the treatment capacity of the sewage treatment facility was 2,566 tons/day. After technical improvement and expansion, the capacity increased to 2,900 tons/day with the treatment process remaining unchanged. Currently, the sewage treatment facilities are functioning well and the main pollutant

discharge meets the discharge standards and environmental assessment standards. The pollutants are discharged to Fushachong after being treated at the self-built sewage treatment station.

(2) Environmental impact assessment and other environmental protection administrative licenses of the construction project

Guangdong Xingda Hongye Electronics Co., Ltd. obtained the approval from Zhongshan Environmental Protection Bureau (ZHJ [2004] No. 61) for the operations and construction here in 2004. Subsequently, it obtained the documents of ZHJD [2008] No. 06250 and ZHJD [2010] No. 04469 respectively in 2008 and 2010. After the operations of its original project, Guangdong Xingda Hongye Electronics Co., Ltd. passed the two phases of acceptance assessment, including the Phase I acceptance assessment in 2008 (HY [2008] No. 02) and the Phase II acceptance assessment in 2012 (ZHYBG [2012] No. 000092).

In December 2012, Guangdong Xingda Hongye Electronics Co., Ltd. commissioned Zhongshan Research Institute of Environmental Protection Science to conduct the assessment of environmental impact for the technical improvement and expansion project of Guangdong Xingda Hongye Electronics Co., Ltd. On December 31, 2012, it obtained the approval document titled Reply to the Report on the Environmental Impact of the Technical Improvement and Expansion Project of Guangdong Xingda Hongye Electronics Co., Ltd. (ZHJS (2012) No. 115) from Zhongshan Environmental Protection Bureau. The document granted the approval for addition of the production of six-layer PCB, eight-layer PCB and above and HDI boards and for reduction of the production of single-sided PCB. After the technical improvement and expansion, the total production capacity of single-sided PCB would be 200,000 m<sup>2</sup>/year, of double-sided PCB would be 250,000 m<sup>2</sup>/year, of four-layer PCB would be 300,000 m<sup>2</sup>/year, of six-layer PCB would be 200,000 m<sup>2</sup>/year, of eight-layer PCB and above would be 150,000 m<sup>2</sup>/year and of HDI boards would be 100,000 m<sup>2</sup>/year. In the project, while the original plating equipment and processes remained unchanged, the brown oxide process was added to the original production process; all the increased plating capacity would be outsourced. The technical improvement and expansion project was commenced in 2013 and completed in January 2018. The commissioning was carried out from February 10, 2018 to July 8, 2018. The construction of the project complied with the requirements for environmental impact assessment and met the criteria for the acceptance of environmental protection for the completion of construction projects. In 2018, the Company obtained the state sewage permit, certificate No.: 91442000768405216J001P.

(3) Contingency plan for emergent environmental incident

In strict accordance with requirements of laws, regulations and relevant documents, such as Law of the People's Republic of China on Emergency Response and Interim Measures on Environmental Emergency Response Plan, Guangdong Xingda Hongye Electronics Co., Ltd. has established risk prevention measures and emergency response plans, kept its emergency equipment in a normal state,

formulated the Contingency Plan for Emergent Environmental Incident, and put on records at Zhongshan Environmental Protection Bureau, Guangdong Province, record No.: 4420002017044M. In addition, the Company conducts a drill of major environmental pollution incident on its factory to enhance its emergency response capabilities for emergent environmental pollution incidents.

Furthermore, Guangdong Xingda Hongye Electronics Co., Ltd. has built an emergency pool (which is the comprehensive water tank in the sewage treatment station covering an area of 800m<sup>3</sup>) and set up a fire pool (500m<sup>3</sup> and located on Floor 1 of Factory Building No. 2), which serve as temporary storage pools for exterior drainage or fire drainage to eradicate accidental discharge of wastewater in the case of failed operation of the sewage transmission pipeline or fire accident due to outage or other special circumstances. The sewage transmission pipeline has been equipped with anti-corrosion and cathodic protection using anti-corrosion pipes and carbon steel pipes. Pursuant to the new discharge standards, the related discharge pipeline has been modified and the production department has been required to discharge strictly in accordance with discharge standards to cut the costs of wastewater treatment. Different types of wastewater are normally and properly treated through fine shunting. Personnel have been specially arranged to manage the chemical liquid warehouse and exert reasonable control and requirements over the liquid discharge by the plant and timely transportation of the liquid by suppliers; emergency tools such as protective masks, boots and immiscible pumps have been equipped;

#### (4) Environmental self-monitoring plan

According to the requirements of the Environmental Protection Administration, Guangdong Xingda Hongye Electronics Co., Ltd. attaches great importance to environmental monitoring management. Thus, pursuant to the Measures for Self-Monitoring and Information Disclosure of National Key Monitored Enterprises, the Report on the Environmental Impact of the Technical Improvement and Expansion Project of Guangdong Xingda Hongye Electronics Co., Ltd. and the reply opinions for environmental impact assessment, the Company has formulated the Environmental Self-Monitoring Plan and reported to the municipal environmental protection bureau for approval and record. It implements online monitoring for the PH, COD and ammonia nitrogen pollutants discharged in wastewater through real-time monitoring and an automatic frequency of every two hours, entrusts the qualified third-party online monitoring equipment operation and maintenance institute to carry out periodic maintenance on automatic monitoring equipment and monitoring data networking equipment, and entrusts the qualified third-party monitoring unit to carry out the “three wastes” project monitoring. All self-monitoring plan results will be reported and disclosed on public platforms on a periodic basis.

In the case of normal production, the results will be updated on a daily basis, with online monitoring data disclosed in real time and manual monitoring data disclosed on the next day after completion. In the case of public holidays, the operation monitoring data for the holiday period will

be disclosed on the first working day after the holiday. Items monitored on a monthly basis will be disclosed by the 25<sup>th</sup> day of the month. Items inspected on a quarterly basis will be disclosed by the 25<sup>th</sup> day of the last month of the quarter. The annual self-monitoring report for the previous year will be disclosed at the end of January each year. In the case of shutdown with days off, the number of days off will be indicated in the information bar and related proofs will be submitted to the monitoring center of the municipal environmental bureau for record.

The results are disclosed on Guangdong Province Key Pollution Source Regulatory Information Platform and on National Pollution Source Monitoring Information Management and Sharing Platform for public monitoring.

#### (5) Other environmental information that should be disclosed

The environmental protection investment of Guangdong Xingda Hongye Electronics Co., Ltd. for H1 of 2019 was approximately RMB5.8 million, mainly used as the environmental engineering investment (approximately RMB0.8 million) and the operation of environmental protection equipment (approximately RMB5 million).

#### (6) Other Environmental Information

According to the examination by the Company, the Company and its other holding subsidiaries are not key pollutant units. All have faithfully implemented the laws and regulations related to environmental protection, such as Environmental Protection Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste in the daily production and operation, without being punished for violations of laws and regulations during the Reporting Period.

## **2. Measures Taken for Targeted Poverty Alleviation**

### **(1) Targeted poverty alleviation plans**

In accordance with the guiding principles of the state on the development of precision poverty alleviation, the Company has proactively carried out critical work on poverty alleviation and engaged in the targeted support in Sansui County and Tianzhu County in Guizhou Province.

### **(2) Summary of the Related Work Done in the Reporting Period**

During the Reporting Period, the Company took active steps to help Sansui County to carry out the marketing work in respect of Sansui ducks, including product sales and package planning, which effectively drove the sales of local subsidiary agricultural products. In the H1 of 2019, the Company has donated office supplies of approximately RMB378,000, including television sets and books to the two counties.



### (3) Results of Targeted Measures

| Indicator                        | Measurement unit | Quantity/Progress |
|----------------------------------|------------------|-------------------|
| 1. General results               | —                | —                 |
| Including: materials translation | Ten thousand     | 37.8              |
| 2. Itemized results              | —                | —                 |
| 9 Other items                    | —                | —                 |
| 9.2 Amount of input              | Ten thousand     | 37.8              |

### (4) Subsequent Plans

To fully perform its duties of targeted poverty alleviation, the Company will do a good job for the work on public brand establishment of no more than RMB1.58 million which will be used for the package planning and advertisement promotion of Sansui ducks of Sansui County.

### XVI. Other Significant Events

√ Applicable □ Not applicable

(1) Private placement of corporate bonds, asset securitization of commercial factoring and asset securitization of accounts receivable: Currently, the private placement of corporate bonds of RMB5 billion has been issued; the asset securitization of commercial factoring and asset securitization of accounts receivable are in moving forward.

(2) Nanjing Kangxingyun Headquarters Base Project has completed the transfer of 17% equity of the project company in March 2019.

(3) The Company's application for a private A-share placement was accepted for processing by the CSRC on 20 May 2019, and the Company has disclosed its reply to the CSRC's questions regarding the application. Following the receipt of the Notification of the CSRC on the Discontinuation of the Processing of an Administrative Permit Application on 29 July 2019, the Company has recently applied to the CSRC for the resumption of the processing. It is uncertain whether both the processing resumption and the private A-share placement will be approved by the CSRC or not.

#### (4) Disclosure index of significant information

| Announcement No. | Date            | Title  | Page on newspaper                                     | Link on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>                           |
|------------------|-----------------|--|---|---|
| 2019-01          | 4 January 2019  | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary | Securities TimesB29, Shanghai Securities News 64 etc. | <a href="http://http://www.cninfo.com.cn/new/index">http://http://www.cninfo.com.cn/new/index</a> |
| 2019-02          | 15 January 2019 | Announcement on the Progress of Offering Guarantees to the wholly-owned subsidiary   | Securities TimesB13, Shanghai Securities News 48 etc. |   |

|         |                     |   |  |
|---------|---------------------|---|--|
| 2019-03 | 16 January<br>2019  | Announcement on the Result of Private Placement of Corporate Bonds in 2019 (Phase I)                      | Securities TimesB32, Shanghai Securities News 33 etc.  |
| 2019-04 | 18 January<br>2019  | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary                      | Securities TimesB36, Shanghai Securities News 76 etc.  |
| 2019-05 | 25 January<br>2019  | Announcement on the Progress of Offering Guarantees to the wholly-owned subsidiary                        | Securities TimesB29, Shanghai Securities News 36 etc.  |
| 2019-06 | 26 January<br>2019  | Announcement on the 2018 Earnings Forecasts   | Securities TimesB20, Shanghai Securities News 32 etc.  |
| 2019-07 | 2 February<br>2019  | Announcement on the Resolution of the 4 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors   | Securities TimesB36, Shanghai Securities News 33 etc.  |
| 2019-08 | 2 February<br>2019  | Notice on Convening the 1 <sup>st</sup> Extraordinary General Meeting of 2019                             | Securities TimesB36, Shanghai Securities News 33 etc.  |
| 2019-09 | 2 February<br>2019  | Announcement on External Financial Aids Generated from Planned Transfer of Partial Equity of Subsidiaries | Securities TimesB36, Shanghai Securities News 33 etc.  |
| 2019-10 | 12 February<br>2019 | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary                      | Securities TimesB25, Shanghai Securities News 85 etc.  |
| 2019-11 | 15 February<br>2019 | Announcement on Accumulative New Borrowings   | Securities TimesB12, Shanghai Securities News 76 etc.  |
| 2019-12 | 2 February<br>2019  | Announcement on the Resolution of the 1 <sup>st</sup> Extraordinary General Meeting of 2019               | Securities TimesB42, Shanghai Securities News 40 etc.  |
| 2019-13 | 14 March<br>2019    | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary                      | Securities TimesB28, Shanghai Securities News 56 etc.  |
| 2019-14 | 19 March<br>2019    | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary                      | Securities TimesB92, Shanghai Securities News 92 etc.  |
| 2019-15 | 19 March<br>2019    | Announcement on Volunteer Information Disclosure of Pre-winning the Bid for Project                       | Securities TimesB92, Shanghai Securities News 92 etc.  |
| 2019-16 | 19 March<br>2019    | Announcement on Abnormal Volatility of Stock Trading  | Securities TimesB116, Shanghai Securities News 40 etc. |

|         |                  |   |   |
|---------|------------------|---|---|
| 2019-17 | 19 March<br>2019 | Indicative Announcement on Planning of Private Placement of Shares  | Securities TimesB116, Shanghai Securities News 40 etc.  |
| 2019-18 | 21 March<br>2019 | Announcement on Offering Overseas Loan under Domestic Guarantee to Foreign Wholly-owned Subsidiary                        | Securities TimesB29, Shanghai Securities News 48 etc.   |
| 2019-19 | 28 March<br>2019 | Announcement on Volunteer Information Disclosure of Pre-winning the Bid for Project                                       | Securities TimesB33, Shanghai Securities News 40 etc.   |
| 2019-20 | 29 March<br>2019 | Announcement on Information Disclosure of Voluntariness of Receiving Letter of Acceptance                                 | Securities TimesB128, Shanghai Securities News 428 etc. |
| 2019-21 | 30 March<br>2019 | Announcement on the Abstract of the 2018 Annual Report  | Securities TimesB41, Shanghai Securities News 529 etc.  |
| 2019-22 | 30 March<br>2019 | Announcement on the 2018 Annual Report  |   |
| 2019-23 | 30 March<br>2019 | Announcement on the Resolution of the 7 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors                   | Securities TimesB41, Shanghai Securities News 529 etc.  |
| 2019-24 | 30 March<br>2019 | Announcement on the Resolution of the 8 <sup>th</sup> Meeting of the 9 <sup>th</sup> Supervisory Committee                | Securities TimesB41, Shanghai Securities News 529 etc.  |
| 2019-25 | 30 March<br>2019 | Announcement on External Guarantees   | Securities TimesB42, Shanghai Securities News 529 etc.  |
| 2019-26 | 30 March<br>2019 | Announcement on the Changes of Part of Accounting Policies  | Securities TimesB42, Shanghai Securities News 530 etc.  |
| 2019-27 | 30 March<br>2019 | Announcement on the Expectation of the 2019 Routine Related Transaction   | Securities TimesB43, Shanghai Securities News 530 etc.  |
| 2019-28 | 30 March<br>2019 | Announcement on Involving Number of Subscribers after Penetration of Subscribers for Private Placement of A-shares        | Securities TimesB42, Shanghai Securities News 530 etc.  |
| 2019-29 | 30 March<br>2019 | Announcement on Risk Warnings of Dilution of Immediate Returns by Private Placement of A-shares and Compensation Measures | Securities TimesB42, Shanghai Securities News 530 etc.  |
| 2019-30 | 30 March<br>2019 | Announcement on Involving Related-party Transactions for Private Placement of A-shares                                    | Securities TimesB42, Shanghai Securities News 530 etc.  |

|         |               |   |   |
|---------|---------------|---|---|
| 2019-31 | 30 March 2019 | Explanation on No Need to Preparation of Special Report on Use of Previous Raised Funds   | Securities TimesB43, Shanghai Securities News 530 etc.  |
| 2019-32 | 30 March 2019 | Announcement on Conditional Share Subscription Agreement Signed by the Company with the Subscriptor   | Securities TimesB43, Shanghai Securities News 530 etc.  |
| 2019-33 | 30 March 2019 | Announcement on Particulars about Supervision Measures Taken by and Punishments Made by Securities Supervision Departments for the Five Years | Securities TimesB43, Shanghai Securities News 530 etc.  |
| 2019-34 | 8 April 2019  | Announcement on Volunteer Information Disclosure of Project Pre-concluded   | Securities TimesB45, Shanghai Securities News 60 etc.   |
| 2019-35 | 12 April 2019 | Announcement on the 2019 First Quarter Earnings Forecasts   | Securities TimesB48, Shanghai Securities News 40 etc.   |
| 2019-36 | 12 April 2019 | Announcement on Planned Listing to Transfer Partial Shares of Konka E-display   | Securities TimesB48, Shanghai Securities News 40 etc.   |
| 2019-36 | 20 April 2019 | Announcement on the Resolution of the 8 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors                                       | Securities TimesB64, Shanghai Securities News 84 etc.   |
| 2019-37 | 20 April 2019 | Notice on Convening the 2018 Annual General Meeting   | Securities TimesB64, Shanghai Securities News 84 etc.   |
| 2019-38 | 27 April 2019 | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary  | Securities TimesB116, Shanghai Securities News 108 etc. |
| 2019-39 | 30 April 2019 | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary  | Securities TimesB233, Shanghai Securities News 616 etc. |
| 2019-40 | 30 April 2019 | 2019 First Quarter Report   | Securities TimesB233, Shanghai Securities News 616 etc. |
| 2019-41 | 30 April 2019 | Text of the 2019 First Quarter Report   | Securities TimesB233, Shanghai Securities News 616 etc. |
| 2019-42 | 30 April 2019 | Announcement on the Resolution of the 9 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors                                       | Securities TimesB233, Shanghai Securities News 616 etc. |
| 2019-43 | 30 April 2019 | Announcement on Establishment of Haimen Headquarters for Eastern  | Securities TimesB233, Shanghai Securities News 616 etc. |

|         |              |  |   |
|---------|--------------|--|---|
|         |              | China through Investment   |   |
| 2019-44 | 7 May 2019   | Announcement on Information Disclosure of Voluntariness of Receiving Letter of Acceptance  | Securities TimesB60, Shanghai Securities News 60 etc. |
| 2019-45 | 7 May 2019   | Announcement on Progress of Planned Listing to Transfer Shares of Konka E-display  | Securities TimesB60, Shanghai Securities News 60 etc. |
| 2019-46 | 14 May 2019  | Announcement on the Resolution of the 2018 Annual General Meeting  | Securities TimesB85, Shanghai Securities News 85 etc. |
| 2019-47 | 17 May 2019  | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary   | Securities TimesB85, Shanghai Securities News 85 etc. |
| 2019-48 | 21 May 2019  | Announcement on the Resolution of the 10 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors                                     | Securities TimesB64, Shanghai Securities News 60 etc. |
| 2019-49 | 21 May 2019  | Announcement on Establishment of Environmental Protection Business Industrial Park through Investment  | Securities TimesB64, Shanghai Securities News 60 etc. |
| 2019-50 | 23 May 2019  | Announcement on CSRC's Acceptance for Application of Private Placement of Shares   | Securities TimesB27, Shanghai Securities News 44 etc. |
| 2019-51 | 28 May 2019  | Announcement on Volunteer Information Disclosure of Pre-winning the Bid for Project  | Securities TimesB88, Shanghai Securities News 69 etc. |
| 2019-52 | 4 June 2019  | Announcement on Information Disclosure of Voluntariness of Receiving Letter of Acceptance  | Securities TimesB71, Shanghai Securities News 48 etc. |
| 2019-53 | 5 June 2019  | Announcement on Result of Private Placement of Corporate Bonds in 2019 (Phase II)  | Securities TimesB44, Shanghai Securities News 44 etc. |
| 2019-54 | 11 June 2019 | Announcement on the Resolution of the 11 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors                                     | Securities TimesB42, Shanghai Securities News 49 etc. |
| 2019-55 | 11 June 2019 | Announcement on Transfer of 51% Equity Interests of Chuzhou Konka Technology & Industry Development Co., Ltd. and Related-party Transactions | Securities TimesB42, Shanghai Securities News 49 etc. |
| 2019-56 | 11 June      | Announcement on the Progress of  | Securities TimesB42, Shanghai Securities              |

|         |              |  |  |
|---------|--------------|--|--|
|         | 2019         | Offering Guarantees to the Subsidiary  | News 49 etc.   |
| 2019-57 | 14 June 2019 | Announcement on Cooperation Agreement Signed with Bishan Government of Chongqing Province  | Securities TimesB4, Shanghai Securities News 120 etc.  |
| 2019-58 | 18 June 2019 | Announcement on Listing to Transfer Partial Shares of Konka E-display  | Securities TimesB61, Shanghai Securities News 33 etc.  |
| 2019-59 | 25 June 2019 | Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary   | Securities TimesB40, Shanghai Securities News 52 etc.  |
| 2019-60 | 25 June 2019 | Announcement on Receipt of CSRC's Notice on the First Feedback for Review of Administrative Permission Projects  | Securities TimesB40, Shanghai Securities News 52 etc.  |
| 2019-61 | 25 June 2019 | Announcement on Completion of Registration Changing Procedures for Transfer of Partial Equity of Konka E-display   | Securities TimesB43, Shanghai Securities News 52 etc.  |
| 2019-62 | 25 June 2019 | Announcement on Completion of Registration Changing Procedures for Transfer of 51% Equity Interests of Chuzhou Konka Technology & Industry Development Co., Ltd. | Securities TimesB43, Shanghai Securities News 52 etc.  |
| 2019-63 | 25 June 2019 | Announcement on Pending Lawsuits and Arbitrations with large amount  | Securities TimesB102, Shanghai Securities News 76 etc. |
| 2019-64 | 27 June 2019 | Announcement on the Implementation of Dividend Plan of 2018  | Securities TimesB91, Shanghai Securities News 29 etc.  |
| 2019-65 | 28 June 2019 | Announcement on the Progress of Offering Guarantees to the Subsidiary  | Securities TimesB128, Shanghai Securities News 36 etc. |
| 2019-66 | 29 June 2019 | Announcement on Wholly-owned Subsidiary' receiving of the Government Subsidies   | Securities Times B95, Shanghai Securities News 80 etc. |

## XVII. Significant Events of Subsidiaries

Applicable  Not applicable

## Part VI Share Changes and Shareholder Information

### I. Share Changes

#### 1. Share Changes

Unit: share

|  | Before        |                | Increase/decrease in the Reporting Period (+/-) |  |  |       |          | After         |                |
|--|---------------|----------------|---|--|--|-------|----------|---------------|----------------|
|  | Shares        | Percentage (%) | New issues                                      | Shares as dividend converted from profit | Shares as dividend converted from capital reserves | Other | Subtotal | Shares        | Percentage (%) |
| 1. Restricted shares                               | 19,500        | 0.00%          |   |  |  |       |          | 19,500        | 0.00%          |
| 1.3 Shares held by other domestic investors        | 19,500        | 0.00%          |   |  |  |       |          | 19,500        | 0.00%          |
| Among which: Shares held by domestic legal persons |               |                |   |  |  |       |          |               |                |
| Shares held by domestic natural persons            | 19,500        | 0.00%          |   |  |  |       |          | 19,500        | 0.00%          |
| 2. Unrestricted shares                             | 2,407,925,908 | 100%           |   |  |  |       |          | 2,407,925,908 | 100%           |
| 2.1 RMB-denominated ordinary shares                | 1,596,574,300 | 66.31%         |   |  |  |       |          | 1,596,574,300 | 66.31%         |
| 2.2 Domestically listed foreign shares             | 811,351,608   | 33.69%         |   |  |  |       |          | 811,351,608   | 33.69%         |
| 3. Total shares                                    | 2,407,945,408 | 100%           |   |  |  |       |          | 2,407,945,408 | 100%           |

Reasons for share changes:

Applicable  Not applicable

Approval of share changes:

Applicable  Not applicable

Transfer of share ownership:

Applicable  Not applicable

Progress on any share repurchases:

Applicable  Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable  Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable  Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable  Not applicable

## 2. Changes in Restricted Shares

Applicable  Not applicable

## II. Issuance and Listing of Securities

Applicable  Not applicable

## III Shareholders and Their Holdings at Period-End

Unit: share

| Number of ordinary shareholders                                     |                          | 92,812                  |                 | Number of preferred shareholders with resumed voting rights (if any) (see note 8) |                            |                              | 0                          |        |
|---|--------------------------|-------------------------|-----------------|---|----------------------------|------------------------------|----------------------------|--------|
| 5% or greater ordinary shareholders or top 10 ordinary shareholders |                          |                         |                 |   |                            |                              |                            |        |
| Name of shareholder   | Nature of shareholder    | Shareholding percentage | Ordinary shares | Increase/decrease in Reporting Period   | Restricted ordinary shares | Unrestricted ordinary shares | Shares in pledge or frozen |        |
|   |                          |                         |                 |   |                            |                              | Status                     | Shares |
| OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD                          | State-owned legal person | 21.75%                  | 523,746,932     | 0   | 0                          | 523,746,932                  |                            |        |
| CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.                    | Foreign legal person     | 7.56%                   | 182,100,202     | 0   | 0                          | 182,100,202                  |                            |        |
| HOLY TIME GROUP LIMITED   | Foreign legal person     | 2.33%                   | 56,139,100      | 0   | 0                          | 56,139,100                   |                            |        |
| GUOYUAN SECURITIES BROKER (HK) CO., LTD.                            | Foreign legal person     | 2.25%                   | 54,203,779      | 0   | 0                          | 54,203,779                   |                            |        |
| GAOLING FUND,L.P.   | Foreign legal person     | 2.19%                   | 52,801,250      | 0   | 0                          | 52,801,250                   |                            |        |



| ZHANG XIAOYU  | Domestic natural person      | 1.13%   | 27,283,178  | 3,447,900  | 0 | 27,283,178 |  |  |
|---|------------------------------|---|-------------|------------|---|------------|--|--|
| HONG KONG SECURITIES CLEARING COMPANY LTD.  | Foreign legal person         | 1.13%   | 27,256,732  | 17,445,071 | 0 | 27,256,732 |  |  |
| CHINA MERCHANTS SECURITIES (HK) LIMITED   | State-owned legal person     | 0.95%   | 22,879,324  | 404,200    | 0 | 22,879,324 |  |  |
| NAM NGAI  | Foreign natural person       | 0.93%   | 22,453,440  | 741,300    | 0 | 22,453,440 |  |  |
| NATIONAL SOCIAL SECURITY FUND-PORTFOLIO 118   | Other                        | 0.88%   | 21,099,537  | 4,000,000  | 0 | 21,099,537 |  |  |
| Strategic investor or general legal person becoming top-10 ordinary shareholder due to rights issue (if any) (see note 3) |                              | N/A   |             |            |   |            |  |  |
| Related or acting-in-concert parties among shareholders above   |                              | Jialong Investment Limited, a wholly-funded subsidiary of the Company's first majority shareholder Overseas Chinese Town Enterprises Co. ("OCT Group" for short), holds 180,001,110 and 18,360,000 ordinary shares in the Company respectively through CITIC Securities Brokerage (Hong Kong) Co., Ltd. and China Merchants Securities (HK) Limited. Jialong Investment Limited and Overseas Chinese Town Enterprises Co. are parties acting in concert. Other than that, it is unknown whether the other shareholders are related parties or acting-in-concert parties or not. |             |            |   |            |  |  |
| Top 10 unrestricted ordinary shareholders   |                              |   |             |            |   |            |  |  |
| Name of shareholder   | Unrestricted ordinary shares | Type of shares  |             |            |   |            |  |  |
|   |                              | Type  | Shares      |            |   |            |  |  |
| OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD  | 523,746,932                  | RMB-denominated ordinary stock  | 523,746,932 |            |   |            |  |  |
| CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.  | 182,100,202                  | Domestically listed foreign stock   | 182,100,202 |            |   |            |  |  |
| HOLY TIME GROUP LIMITED   | 56,139,100                   | Domestically listed foreign stock   | 56,139,100  |            |   |            |  |  |
| GUOYUAN SECURITIES BROKER (HK) CO., LTD.  | 54,203,779                   | Domestically listed foreign stock   | 54,203,779  |            |   |            |  |  |

|   |   |                                   |            |
|---|---|-----------------------------------|------------|
|   |   | stock                             |            |
| GAOLING FUND,L.P.   | 52,801,250  | Domestically listed foreign stock | 52,801,250 |
| ZHANG XIAOYU  | 27,283,178  | RMB-denominated ordinary stock    | 27,283,178 |
| HONG KONG SECURITIES CLEARING COMPANY LTD.  | 27,256,732  | RMB-denominated ordinary stock    | 27,256,732 |
| CHINA MERCHANTS SECURITIES (HK) LIMITED   | 22,879,324  | Domestically listed foreign stock | 22,879,324 |
| NAM NGAI  | 22,453,440  | Domestically listed foreign stock | 22,453,440 |
| NATIONAL SOCIAL SECURITY FUND-PORTFOLIO 118   | 21,099,537  | RMB-denominated ordinary stock    | 21,099,537 |
| Related or acting-in-concert parties among top 10 unrestricted ordinary shareholders, as well as between top 10 unrestricted ordinary shareholders and top 10 ordinary shareholders | Jialong Investment Limited, a wholly-funded subsidiary of the Company's first majority shareholder Overseas Chinese Town Enterprises Co. ("OCT Group" for short), holds 180,001,110 and 18,360,000 common shares in the Company respectively through CITIC Securities Brokerage (Hong Kong) Co., Ltd. and China Merchants Securities (HK) Limited. Jialong Investment Limited and Overseas Chinese Town Enterprises Co. are parties acting in concert. Other than that, it is unknown whether the other shareholders are related parties or acting-in-concert parties or not. |                                   |            |
| Top 10 ordinary shareholders conducting securities margin trading (if any) (see note 4)   | Zhang Xiaoyu holds 27,283,178 A-shares in the Company through her account of collateral securities for margin trading in Huaxi Securities Co., Ltd.   |                                   |            |

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea  No

No such cases in the Reporting Period.

#### IV Change of Controlling Shareholder or Actual Controller in Reporting Period

Change of the controlling shareholder in the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

## Part VII Preferred Shares

Applicable     Not applicable

## **Part VIII Directors, Supervisors, Senior Management and Staff**

### **I Change in Shareholdings of Directors, Supervisors and Senior Management**

Applicable  Not applicable

There was no change in shareholding of Directors, Supervisors, Senior Management Staffs and Employees, for details, please refer to 2018 Annual Report.

### **II Change of Directors, Supervisors and Senior Management**

Applicable  Not applicable

There was no change in Directors, Supervisors, Senior Management Staffs and Employees, for details, please refer to 2018 Annual Report.

## Part IX Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full? Such information is disclosed as below:

### I. Basic Information of Corporate Bonds

| Name   | Abbr.       | Code   | Release date    | Due date        | Bonds balance (RMB'0,000) | Coupon rate | Way of redemption   |
|--|-------------|--------|-----------------|-----------------|---------------------------|-------------|---|
| Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche I) (Variety I)   | 19 Konka 01 | 114418 | 14 January 2019 | 14 January 2022 | 100,000                   | 5.00%       | Interests shall be paid every year and the principals shall be repaid when expired. |
| Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche I) (Variety II)  | 19 Konka 02 | 114423 | 14 January 2019 | 14 January 2022 | 150,000                   | 5.00%       | Interests shall be paid every year and the principals shall be repaid when expired. |
| Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche II) (Variety I)  | 19 Konka 03 | 114488 | 3 June 2019     | 3 June 2022     | 50,000                    | 4.50%       | Interests shall be paid every year and the principals shall be repaid when expired. |
| Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche II) (Variety II) | 19 Konka 04 | 114489 | 3 June 2019     | 3 June 2022     | 50,000                    | 4.70%       | Interests shall be paid every year and the principals                               |

|   |   |        |              |              |        |       |   |
|---|---|--------|--------------|--------------|--------|-------|---|
|   |   |        |              |              |        |       | shall be repaid when expired.   |
| Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche III) (Variety I)  | 19 Konka 05   | 114523 | 22 July 2019 | 22 July 2022 | 80,000 | 4.53% | Interests shall be paid every year and the principals shall be repaid when expired. |
| Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche III) (Variety II)   | 19 Konka 06   | 114524 | 22 July 2019 | 22 July 2022 | 70,000 | 4.70% | Interests shall be paid every year and the principals shall be repaid when expired. |
| Listed or transferred trading place of the Company bonds  | Shenzhen Stock Exchange   |        |              |              |        |       |   |
| Appropriate arrangement of the investors  | “19 Konka 01”, ” 19 Konka 02”, “19 Konka 03”, “19 Konka 04”, “19 Konka 05” and “19 Konka 06” were placed privately to qualified institutional investors (not exceeding 200) meeting the requirements of Management method for Investors Eligibility in Bonds Market of Shenzhen Stock Exchange. |        |              |              |        |       |   |
| Interest payment during the Reporting Period  | During the Reporting Period, “19 Konka 01”, ” 19 Konka 02”, “19 Konka 03”, “19 Konka 04”, “19 Konka 05” and “19 Konka 06” the first interest payment date did not arrive.   |        |              |              |        |       |   |
| Execution of the relevant regulations during the Reporting Period such as the affiliated option clause of the issuers or investors, special clauses such as the exchangeable regulations of the Company bonds (if applicable) | 1. Option for issuer to adjust coupon rate; 2. Put-backs option for investors; there was no implementation of relevant clauses.   |        |              |              |        |       |   |

## II. List of the Bond Trustee and the Rating Organization

|               |                                |                |   |                |                            |                |              |
|---------------|--------------------------------|----------------|---|----------------|----------------------------|----------------|--------------|
| Bond trustee: |                                |                |   |                |                            |                |              |
| Name          | Industrial Securities Co., Ltd | Office address | Room 601, No. 35 Jinshifang Street, Xicheng | Contact person | Pu Hang, and Zhang Huifang | Contact number | 010-50911203 |

|  |                          |  |                      |  |  |  |    |
|--|--------------------------|--|----------------------|--|--|--|----|
|  |                          |  | District,<br>Beijing |  |  |  |    |
| Rating organization executed the tracking rating of the corporate bonds of the Reporting Period:   |                          |  |                      |  |  |  |    |
| Name   | United Ratings Co., Ltd. |  | Office<br>address    | No.2 Jianwai Street, Chaoyang District,<br>Beijing |  |  |    |
| Alternation reasons, execution process and influences on the investors' interests etc. if there was alternation of the bond trustees and the credit rating agencies engaged by the Company during the Reporting Period (if applicable) |                          |  |                      |  |  |  | No |

### III. List of the Usage of the Raised Funds of the Corporate Bonds

|   |   |
|---|---|
| List of the usage of the raised funds and the execution process of the Company bonds                                  | The Company has used the raised funds and disclosed related information in a timely, authentic, accurate and complete manner strictly in accordance with the terms in the prospectus for aforesaid bonds, related provisions and requirements in the Measures for Issuance and Trading of Corporate Bonds, CSRC Releases No. 2 Guideline for the Supervision of Listed Companies-Administration of Funds Raised by Listed Companies and Applicable Supervision Requirements, the Stock Listing Rules of the Shenzhen Stock Exchange and the Rules of the Shenzhen Stock Exchange for Stock Listing on ChiNext. It has not engaged in any violations in respect of the use and management of the raised funds. |
| Ending balance (RMB'0,000)  | 0   |
| Operating situation of the raised funds special account   | The operation was in good condition without any violations for relevant regulations or capital supervision agreement  |
| Whether the usage of the raised funds met with the usage, using plan and other agreements committed on the prospectus | Yes   |

### IV. Rating Situation of the Corporate Bonds Information

In May 2019, United Credit Ratings Co., Ltd. made the tracking rating for the entity and relevant bonds (including “19 Konka 01” and “19 Konka 02”) of the Company. The entity of the Company was rated as Grade AA invariably and as “Stable” for its rating prospect; the bonds “19 Konka 01” and “19 Konka 02” issued by Konka Group Co., Ltd. were rated as Grade AAA invariably for their credit and as “Stable” for their rating prospect. The related rating report has been published on the website of Shenzhen Stock Exchange in May 2019.

### V. Credit-adding Mechanism, Repayment Plan and Other Repayment Guarantee Measures of the Corporate Bonds

OCT Group provided the unconditional and irrevocable joint liability guarantee in full amount for the bonds “19 Konka 01”, ” 19 Konka 02”, “19 Konka 03”, “19 Konka 04”, “19 Konka 05” and “19 Konka 06” in the Reporting Period.

### VI. Convene Situation of the Bonds Holders Meeting during the Reporting Period

No such cases in the Reporting Period.

## VII. List of the Duty Execution of the Bonds Trustee during the Reporting Period

During the Reporting Period, Industrial Securities Co., Ltd., the Company's bond trustee manager, proactively performed its trusteeship, continued to be concerned with the Company's routine production and operation and financial conditions, and endeavored to maintain the legitimate rights and interests of the bond holder strictly in accordance with related laws, regulations, the Management Measures for the Issue and Trading of Corporate Bonds, the Prospectus and the Agreement for the Bond Trusteeship Management.

## VIII. The Major Accounting Data and the Financial Indicators of the Recent 2 Years of the Company up the Period-end

Unit: RMB'0,000

| Item                            | 2019             | 2018                     | Change rate of the same period |
|---------------------------------|------------------|--------------------------|--------------------------------|
| Current ratio                   | 109.37%          | 96.33%                   | 13.04%                         |
| Asset-liability ratio           | 74.08%           | 71.35%                   | 2.73%                          |
| Quick ratio                     | 83.83%           | 72.13%                   | 11.70%                         |
|                                 | Reporting Period | Same period of last year | YoY Change                     |
| Times interest earned of EBITDA | 2.75             | 2.39                     | 15.06%                         |
| Loan repayment rate             | 100.00%          | 100.00%                  | 0.00%                          |
| Interest coverage               | 100.00%          | 100.00%                  | 0.00%                          |

Main reason of the above accounting data and the financial indicators with the YoY change exceeded 30%

Applicable  Not applicable

Pending

## IX. Overdue Liabilities

Applicable  Not applicable

No such cases in the Reporting Period.

## X. List of the Interest Payment of Other Bonds and Debt Financing Instruments during the Reporting Period

No such cases in the Reporting Period.

## XI. List of the Acquired Bank Credit Lines, Usage and the Repayment of the Bank Loans

As of the end of the Reporting Period, the Company acquired bank credit lines of RMB15,906,000,000 and used RMB9,458,000,000. All bank loans can be repaid on schedule without any overdue situations.



**XII. List of the Execution of the Agreements or the Commitments Related to the Company Bonds Raising Specification during the Reporting Period**

During the Reporting Period, the Company strictly observed the agreements and performed the commitments related to the Company Bonds raising specification.

**XIII. Significant Events Occurring during the Reporting Period**

During the Reporting Period, the Company has timely disclosed current announcements regarding significant events occurring the website of Shenzhen Stock Exchange (<http://www.szse.cn/>) and cninfo (<http://www.cninfo.com.cn/new/index>). As of the disclosure date of this Report, related significant events have no subsequent progress yet.

**XIV. Whether there Was Guarantor of the Corporate Bonds**

Yes  No

Whether the guarantor of the corporate bonds was legal person or other organizations

## Part X Financial Statements

### I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

Yes  No

They are unaudited by such an auditor.

### II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

#### 1. Consolidated Balance Sheet

Prepared by Konka Group Co., Ltd.

30 June 2019

Unit: RMB

| Item  | 30 June 2019     | 31 December 2018 |
|---|------------------|------------------|
| Current assets:                                       |                  |                  |
| Monetary capital                                      | 5,670,267,120.55 | 4,348,144,129.53 |
| Settlement reserve                                    |                  |                  |
| Interbank loans granted                               |                  |                  |
| Trading financial assets                              | 61,494,666.97    |                  |
| Financial assets at fair value through profit or loss |                  | 5,464,984.92     |
| Derivative financial assets                           |                  |                  |
| Notes receivable                                      | 2,002,435,052.51 | 3,329,711,954.15 |
| Accounts receivable                                   | 5,468,498,179.21 | 4,458,053,586.42 |
| Financing backed by accounts receivable               | 107,299,247.91   |                  |
| Prepayments   | 2,948,687,941.58 | 1,036,979,167.56 |
| Premiums receivable                                   |                  |                  |
| Reinsurance receivables                               |                  |                  |
| Receivable reinsurance contract reserve               |                  |                  |
| Other receivables                                     | 990,966,330.41   | 410,804,180.50   |
| Including: Interest receivable                        | 2,754,697.90     | 4,059,682.40     |
| Dividends receivable                                  | 547,848.62       | 547,848.62       |
| Financial assets purchased under resale agreements    |                  |                  |
| Inventories   | 5,810,235,773.06 | 5,487,605,227.05 |
| Contract assets                                       |                  |                  |
| Assets classified as held for sale                    |                  |                  |

|  |                   |                   |
|--|-------------------|-------------------|
| Current portion of non-current assets                      | 53,237,851.30     | 22,318,208.13     |
| Other current assets                                       | 1,766,535,360.02  | 2,744,216,141.98  |
| Total current assets                                       | 24,879,657,523.52 | 21,843,297,580.24 |
| Non-current assets:  |                   |                   |
| Loans and advances to customers                            |                   |                   |
| Investments in debt obligations                            |                   |                   |
| Available-for-sale financial assets                        |                   | 633,664,881.33    |
| Investments in other debt obligations                      |                   |                   |
| Held-to-maturity investments                               |                   |                   |
| Long-term receivables                                      | 419,923,711.72    | 390,793,038.05    |
| Long-term equity investments                               | 2,846,608,296.03  | 2,637,780,825.53  |
| Investments in other equity instruments                    | 19,140,214.36     |                   |
| Other non-current financial assets                         | 1,548,364,400.00  |                   |
| Investment property  | 208,008,718.57    | 210,824,355.72    |
| Fixed assets   | 2,228,083,633.72  | 2,410,226,495.81  |
| Construction in progress                                   | 2,776,018,241.52  | 2,176,871,530.80  |
| Productive living assets                                   |                   |                   |
| Oil and gas assets   |                   |                   |
| Right-of-use assets  |                   |                   |
| Intangible assets  | 798,320,837.28    | 737,776,686.34    |
| R&D expense  |                   |                   |
| Goodwill   | 855,691,423.75    | 855,691,423.75    |
| Long-term prepaid expense                                  | 101,104,614.34    | 111,223,426.77    |
| Deferred income tax assets                                 | 810,334,747.43    | 639,433,954.30    |
| Other non-current assets                                   | 448,155,098.47    | 337,477,690.39    |
| Total non-current assets                                   | 13,059,753,937.19 | 11,141,764,308.79 |
| Total assets   | 37,939,411,460.71 | 32,985,061,889.03 |
| Current liabilities:                                       |                   |                   |
| Short-term borrowings                                      | 13,163,667,813.10 | 13,884,132,931.63 |
| Borrowings from central bank                               |                   |                   |
| Interbank loans obtained                                   |                   |                   |
| Trading financial liabilities                              |                   |                   |
| Financial liabilities at fair value through profit or loss |                   | 2,459,603.25      |
| Derivative financial liabilities                           |                   |                   |
| Notes payable  | 1,109,481,840.84  | 862,330,689.47    |
| Accounts payable   | 4,701,864,444.09  | 4,362,723,050.33  |

|   |                   |                   |
|---|-------------------|-------------------|
| Advances from customers   | 894,789,245.88    | 723,227,529.20    |
| Financial assets sold under repurchase agreements                       |                   |                   |
| Customer deposits and interbank deposits                                |                   |                   |
| Payables for acting trading of securities                               |                   |                   |
| Payables for underwriting of securities                                 |                   |                   |
| Payroll payable   | 218,974,626.78    | 376,506,567.71    |
| Taxes payable   | 278,624,661.17    | 288,004,192.44    |
| Other payables  | 2,367,030,105.41  | 2,024,657,277.74  |
| Including: Interest payable   | 99,998,242.67     | 27,230,631.41     |
| Dividends payable   | 240,794,540.80    |                   |
| Handling charges and commissions payable                                |                   |                   |
| Reinsurance payables  |                   |                   |
| Contract liabilities  |                   |                   |
| Liabilities directly associated with assets classified as held for sale |                   |                   |
| Current portion of non-current liabilities                              | 14,095,773.04     | 151,792,404.13    |
| Other current liabilities   |                   |                   |
| Total current liabilities   | 22,748,528,510.31 | 22,675,834,245.90 |
| Non-current liabilities:  |                   |                   |
| Insurance contract reserve  |                   |                   |
| Long-term borrowings  | 1,284,700,000.00  | 445,000,000.00    |
| Bonds payable   | 3,489,910,901.50  |                   |
| Including: Preferred shares   |                   |                   |
| Perpetual bonds   |                   |                   |
| Lease liabilities   |                   |                   |
| Long-term payables  | 223,522,236.53    | 128,374,597.41    |
| Long-term payroll payable   | 5,670,450.62      | 8,792,614.98      |
| Provisions  | 1,597,591.51      | 21,772,898.37     |
| Deferred income   | 207,308,469.89    | 112,899,128.24    |
| Deferred income tax liabilities   | 144,462,027.47    | 141,020,093.34    |
| Other non-current liabilities   |                   |                   |
| Total non-current liabilities   | 5,357,171,677.52  | 857,859,332.34    |
| Total liabilities   | 28,105,700,187.83 | 23,533,693,578.24 |
| Owners' equity:   |                   |                   |
| Share capital   | 2,407,945,408.00  | 2,407,945,408.00  |
| Other equity instruments  |                   |                   |
| Including: Preferred shares   |                   |                   |

|  |                   |                   |
|--|-------------------|-------------------|
| Perpetual bonds  |                   |                   |
| Capital reserves   | 237,761,961.98    | 208,356,624.21    |
| Less: Treasury stock   |                   |                   |
| Other comprehensive income                                       | -14,198,105.77    | -10,538,219.08    |
| Specific reserve   | 71,737.08         |                   |
| Surplus reserves   | 1,227,564,785.19  | 1,227,564,785.19  |
| General reserve  |                   |                   |
| Retained earnings  | 4,380,496,417.52  | 4,271,408,192.21  |
| Total equity attributable to owners of the Company as the parent | 8,239,642,204.00  | 8,104,736,790.53  |
| Non-controlling interests  | 1,594,069,068.88  | 1,346,631,520.26  |
| Total owners' equity   | 9,833,711,272.88  | 9,451,368,310.79  |
| Total liabilities and owners' equity                             | 37,939,411,460.71 | 32,985,061,889.03 |

Legal representative: Liu Fengxi

Chief Financial Officer: Li Chunlei

Head of financial department: Feng Junxiu

## 2. Balance Sheet of the Company as the Parent

Unit: RMB

| Item  | 30 June 2019      | 31 December 2018  |
|---|-------------------|-------------------|
| Current assets:                                       |                   |                   |
| Monetary capital                                      | 2,867,121,320.63  | 2,124,335,536.69  |
| Trading financial assets                              | 61,494,666.97     |                   |
| Financial assets at fair value through profit or loss |                   | 5,464,984.92      |
| Derivative financial assets                           |                   |                   |
| Notes receivable                                      | 1,588,216,743.04  | 2,181,466,683.90  |
| Accounts receivable                                   | 8,266,712,064.66  | 7,427,246,429.42  |
| Financings backed by accounts receivable              |                   |                   |
| Prepayments   | 1,304,083,759.55  | 1,019,335,571.49  |
| Other receivables                                     | 7,868,891,877.59  | 6,667,463,126.57  |
| Including: Interest receivable                        | 2,276,507.84      | 5,769,663.24      |
| Dividends receivable                                  |                   |                   |
| Inventories   | 301,955,343.50    | 254,225,716.41    |
| Contract assets                                       |                   |                   |
| Assets classified as held for sale                    |                   |                   |
| Current portion of non-current assets                 |                   |                   |
| Other current assets                                  | 117,570,671.40    | 77,249,216.99     |
| Total current assets                                  | 22,376,046,447.34 | 19,756,787,266.39 |
| Non-current assets:                                   |                   |                   |
| Investments in debt obligations                       |                   |                   |

|   |                   |                   |
|---|-------------------|-------------------|
| Available-for-sale financial assets                                     |                   | 326,164,881.33    |
| Investments in other debt obligations                                   |                   |                   |
| Held-to-maturity investments  |                   |                   |
| Long-term receivables   |                   |                   |
| Long-term equity investments  | 6,719,375,166.23  | 6,182,962,034.71  |
| Investments in other equity instruments                                 | 14,440,214.36     |                   |
| Other non-current financial assets                                      | 250,230,000.00    |                   |
| Investment property   | 208,008,718.57    | 210,824,355.72    |
| Fixed assets  | 451,987,170.56    | 462,721,018.30    |
| Construction in progress  | 161,343,003.34    | 157,356,696.30    |
| Productive living assets  |                   |                   |
| Oil and gas assets  |                   |                   |
| Right-of-use assets   |                   |                   |
| Intangible assets   | 80,790,288.02     | 83,593,959.11     |
| R&D expense   |                   |                   |
| Goodwill  |                   |                   |
| Long-term prepaid expense   | 70,335,791.97     | 80,388,949.97     |
| Deferred income tax assets  | 691,575,647.64    | 516,879,201.66    |
| Other non-current assets  | 20,000,000.00     | 20,000,000.00     |
| Total non-current assets  | 8,668,086,000.69  | 8,040,891,097.10  |
| Total assets  | 31,044,132,448.03 | 27,797,678,363.49 |
| Current liabilities:  |                   |                   |
| Short-term borrowings   | 8,723,585,987.34  | 8,179,564,987.70  |
| Trading financial liabilities   |                   |                   |
| Financial liabilities at fair value through profit or loss              |                   | 2,459,603.25      |
| Derivative financial liabilities  |                   |                   |
| Notes payable   | 2,067,605,961.65  | 3,513,157,955.43  |
| Accounts payable  | 7,459,462,338.28  | 6,477,055,955.65  |
| Advances from customers   | 314,025,058.94    | 306,650,717.69    |
| Contract liabilities  |                   |                   |
| Payroll payable   | 68,511,959.60     | 146,199,496.44    |
| Taxes payable   | 7,095,620.80      | 10,913,871.30     |
| Other payables  | 2,476,885,218.67  | 2,011,494,378.65  |
| Including: Interest payable   | 97,385,685.87     | 24,158,666.48     |
| Dividends payable   | 240,794,540.80    |                   |
| Liabilities directly associated with assets classified as held for sale |                   |                   |

|  |                   |                   |
|--|-------------------|-------------------|
| Current portion of non-current liabilities |                   | 40,000,000.00     |
| Other current liabilities                  |                   |                   |
| Total current liabilities                  | 21,117,172,145.28 | 20,687,496,966.11 |
| Non-current liabilities:                   |                   |                   |
| Long-term borrowings                       | 344,000,000.00    | 245,000,000.00    |
| Bonds payable                              | 3,489,910,901.50  |                   |
| Including: Preferred shares                |                   |                   |
| Perpetual bonds                            |                   |                   |
| Long-term payables                         |                   |                   |
| Long-term payroll payable                  |                   |                   |
| Provisions                                 |                   |                   |
| Deferred income                            | 206,591.51        | 206,591.51        |
| Deferred income tax liabilities            | 68,697,991.43     | 75,705,476.93     |
| Other non-current liabilities              |                   | 751,345.42        |
| Total non-current liabilities              |                   |                   |
| Total liabilities                          | 3,902,815,484.44  | 321,663,413.86    |
| Owners' equity:                            | 25,019,987,629.72 | 21,009,160,379.97 |
| Share capital                              |                   |                   |
| Other equity instruments                   | 2,407,945,408.00  | 2,407,945,408.00  |
| Including: Preferred shares                |                   |                   |
| Perpetual bonds                            |                   |                   |
| Capital reserves                           |                   |                   |
| Less: Treasury stock                       | 114,018,066.79    | 114,018,066.79    |
| Other comprehensive income                 |                   |                   |
| Specific reserve                           | -1,182,217.31     | -1,182,217.31     |
| Surplus reserves                           |                   |                   |
| General reserve                            | 1,227,564,785.19  | 1,227,564,785.19  |
| Retained earnings                          | 2,275,798,775.64  | 3,040,171,940.85  |
| Total owners' equity                       | 6,024,144,818.31  | 6,788,517,983.52  |
| Total liabilities and owners' equity       | 31,044,132,448.03 | 27,797,678,363.49 |

### 3. Consolidated Income Statement

Unit: RMB

| Item                         | H1 2019           | H1 2018           |
|------------------------------|-------------------|-------------------|
| 1. Revenue                   | 26,036,442,813.84 | 17,625,414,769.82 |
| Including: Operating revenue | 26,036,442,813.84 | 17,625,414,769.82 |
| Interest income              |                   |                   |

|  |                   |                   |
|--|-------------------|-------------------|
| Premium income   |                   |                   |
| Handling charge and commission income  |                   |                   |
| 2. Costs and expenses  | 26,698,772,822.16 | 17,974,204,673.13 |
| Including: Cost of sales   | 24,674,042,371.13 | 16,442,256,445.26 |
| Interest expense   |                   |                   |
| Handling charge and commission expense   |                   |                   |
| Surrenders   |                   |                   |
| Net claims paid  |                   |                   |
| Net amount provided as insurance contract reserve                                  |                   |                   |
| Expenditure on policy dividends  |                   |                   |
| Reinsurance premium expense  |                   |                   |
| Taxes and surcharges   | 37,389,092.27     | 27,646,574.62     |
| Selling expense  | 1,067,945,914.36  | 1,103,181,074.51  |
| Administrative expense   | 347,924,642.43    | 227,818,772.57    |
| R&D expense  | 157,210,338.94    | 137,008,896.76    |
| Finance costs  | 414,260,463.03    | 36,292,909.41     |
| Including: Interest expense  | 529,683,836.52    | 138,646,255.45    |
| Interest income  | 118,673,531.77    | 49,719,529.94     |
| Add: Other income  | 343,884,971.36    | 123,026,283.50    |
| Return on investment (“-” for loss)  | 559,161,027.92    | 531,758,571.71    |
| Including: Share of profit or loss of joint ventures and associates                | 8,541,274.56      | 6,075,182.59      |
| Income from the derecognition of financial assets at amortized cost (“-” for loss) |                   |                   |
| Foreign exchange gain (“-” for loss)   |                   |                   |
| Net gain on exposure hedges (“-” for loss)   |                   |                   |
| Gain on changes in fair value (“-” for loss)                                       | -3,005,381.67     | 59,855,412.48     |
| Credit impairment loss (“-” for loss)  | -49,476,223.76    |                   |
| Asset impairment loss (“-” for loss)   | -11,717,767.29    | -59,552,100.41    |
| Asset disposal income (“-” for loss)   | 293,705,840.64    | 63,722,105.38     |
| 3. Operating profit (“-” for loss)   | 470,222,458.88    | 370,020,369.35    |
| Add: Non-operating income  | 22,269,442.09     | 27,217,492.97     |
| Less: Non-operating expense  | 3,469,741.51      | 5,951,749.57      |
| 4. Profit before tax (“-” for loss)  | 489,022,159.46    | 391,286,112.75    |
| Less: Income tax expense   | 10,311,393.19     | -17,446,049.13    |
| 5. Net profit (“-” for net loss)   | 478,710,766.27    | 408,732,161.88    |
| 5.1 By operating continuity  |                   |                   |



|  |                |                |
|--|----------------|----------------|
| 5.1.1 Net profit from continuing operations (“-” for net loss)   |                |                |
| 5.1.2 Net profit from discontinued operations (“-” for net loss)   |                |                |
| 5.2 By ownership   |                |                |
| 5.2.1 Net profit attributable to owners of the Company as the parent   | 352,767,020.73 | 341,793,039.03 |
| 5.2.1 Net profit attributable to non-controlling interests   | 125,943,745.54 | 66,939,122.85  |
| 6. Other comprehensive income, net of tax  | -3,108,112.33  | -4,400,958.71  |
| Attributable to owners of the Company as the parent  | -3,659,886.69  | -4,851,840.74  |
| 6.1 Items that will not be reclassified to profit or loss  | -4,800,000.00  |                |
| 6.1.1 Changes caused by remeasurements on defined benefit pension schemes  |                |                |
| 6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method                 |                |                |
| 6.1.3 Changes in the fair value of investments in other equity instruments   | -4,800,000.00  |                |
| 6.1.4 Changes in the fair value of the company’s credit risks  |                |                |
| 6.1.5 Other  |                |                |
| 6.2 Items that will be reclassified to profit or loss  | 1,140,113.31   | -4,851,840.74  |
| 6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method                     |                |                |
| 6.2.2 Changes in the fair value of investments in other debt obligations   |                |                |
| 6.2.3 Gain/Loss on changes in the fair value of available-for-sale financial assets                                      |                | -31,342.08     |
| 6.2.4 Other comprehensive income arising from the reclassification of financial assets                                   |                |                |
| 6.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets |                |                |
| 6.2.6 Allowance for credit impairments in investments in other debt obligations  |                |                |
| 6.2.7 Reserve for cash flow hedges   |                |                |
| 6.2.8 Differences arising from the translation of foreign currency-denominated financial statements                      | 1,140,113.31   | -4,820,498.66  |
| 6.2.9 Other  |                |                |
| Attributable to non-controlling interests  | 551,774.36     | 450,882.03     |
| 7. Total comprehensive income  | 475,602,653.94 | 404,331,203.17 |
| Attributable to owners of the Company as the parent  | 349,107,134.04 | 336,941,198.29 |
| Attributable to non-controlling interests  | 126,495,519.90 | 67,390,004.88  |

|                                |        |        |
|--------------------------------|--------|--------|
| 8. Earnings per share          |        |        |
| 8.1 Basic earnings per share   | 0.1465 | 0.1419 |
| 8.2 Diluted earnings per share | 0.1465 | 0.1419 |

Legal representative: Liu Fengxi

Chief Financial Officer: Li Chunlei

Head of financial department: Feng Junxiu

#### 4. Income Statement of the Company as the Parent

Unit: RMB

| Item   | H1 2019          | H1 2018          |
|--|------------------|------------------|
| 1. Operating revenue   | 5,368,021,710.40 | 6,556,568,515.30 |
| Less: Cost of sales  | 5,264,149,493.15 | 5,958,024,932.71 |
| Taxes and surcharges   | 3,050,245.87     | 10,295,805.36    |
| Selling expense  | 602,937,451.39   | 796,586,717.96   |
| Administrative expense   | 116,641,903.32   | 125,914,620.99   |
| R&D expense  | 21,884,250.47    | 101,846,025.64   |
| Finance costs  | 263,815,281.41   | 146,845,768.60   |
| Including: Interest expense  | 484,646,778.75   | 288,018,824.66   |
| Interest income  | 225,398,798.03   | 113,064,005.13   |
| Add: Other income  | 25,883,962.58    | 42,392,110.12    |
| Return on investment (“-” for loss)  | 185,975,738.88   | 1,159,447,278.28 |
| Including: Share of profit or loss of joint ventures and associates                | 3,928,528.71     | 13,240,183.30    |
| Income from the derecognition of financial assets at amortized cost (“-” for loss) |                  |                  |
| Net gain on exposure hedges (“-” for loss)   |                  |                  |
| Gain on changes in fair value (“-” for loss)                                       | -3,005,381.67    | 59,855,412.48    |
| Credit impairment loss (“-” for loss)  | -6,660,947.01    |                  |
| Asset impairment loss (“-” for loss)   | -3,172,282.22    | -36,873,991.62   |
| Asset disposal income (“-” for loss)   | 200.00           | 18,949.32        |
| 2. Operating profit (“-” for loss)   | -705,435,624.65  | 641,894,402.62   |
| Add: Non-operating income  | 1,522,859.81     | 13,874,505.45    |
| Less: Non-operating expense  | 957,357.54       | 5,440,364.14     |
| 3. Profit before tax (“-” for loss)  | -704,870,122.38  | 650,328,543.93   |
| Less: Income tax expense   | -175,447,791.41  | -86,913,171.05   |
| 4. Net profit (“-” for net loss)   | -529,422,330.97  | 737,241,714.98   |
| 4.1 Net profit from continuing operations (“-” for net loss)                       | -529,422,330.97  | 737,241,714.98   |
| 4.2 Net profit from discontinued operations (“-” for net loss)                     |                  |                  |
| 5. Other comprehensive income, net of tax  |                  | 324,021.02       |
| 5.1 Items that will not be reclassified to profit or loss                          |                  |                  |

|  |                 |                |
|--|-----------------|----------------|
| 5.1.1 Changes caused by remeasurements on defined benefit pension schemes  |                 |                |
| 5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method                 |                 |                |
| 5.1.3 Changes in the fair value of investments in other equity instruments   |                 |                |
| 5.1.4 Changes in the fair value of the company's credit risks  |                 |                |
| 5.1.5 Other  |                 |                |
| 5.2 Items that will be reclassified to profit or loss  |                 | 324,021.02     |
| 5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method                     |                 |                |
| 5.2.2 Changes in the fair value of investments in other debt obligations   |                 |                |
| 5.2.3 Gain/Loss on changes in the fair value of available-for-sale financial assets                                      |                 |                |
| 5.2.4 Other comprehensive income arising from the reclassification of financial assets                                   |                 |                |
| 5.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets |                 |                |
| 5.2.6 Allowance for credit impairments in investments in other debt obligations  |                 |                |
| 5.2.7 Reserve for cash flow hedges   |                 |                |
| 5.2.8 Differences arising from the translation of foreign currency-denominated financial statements                      |                 | 324,021.02     |
| 5.2.9 Other  |                 |                |
| 6. Total comprehensive income  | -529,422,330.97 | 737,565,736.00 |
| 7. Earnings per share  |                 |                |
| 7.1 Basic earnings per share   |                 |                |
| 7.2 Diluted earnings per share   |                 |                |

## 5. Consolidated Cash Flow Statement

| Item  | H1 2019           | H1 2018           |
|---|-------------------|-------------------|
| 1. Cash flows from operating activities:                    |                   |                   |
| Proceeds from sale of commodities and rendering of services | 25,473,835,784.74 | 17,548,318,013.29 |
| Net increase in customer deposits and interbank deposits    |                   |                   |
| Net increase in borrowings from central bank                |                   |                   |
| Net increase in loans from other financial institutions     |                   |                   |
| Premiums received on original insurance contracts           |                   |                   |

|   |                   |                   |
|---|-------------------|-------------------|
| Net proceeds from reinsurance   |                   |                   |
| Net increase in deposits and investments of policy holders                                    |                   |                   |
| Interest, handling charges and commissions received   |                   |                   |
| Net increase in interbank loans obtained  |                   |                   |
| Net increase in proceeds from repurchase transactions   |                   |                   |
| Net proceeds for acting trading of securities   |                   |                   |
| Tax rebates   | 507,670,463.23    | 234,219,656.63    |
| Cash generated from other operating activities  | 2,148,795,820.05  | 1,477,259,476.38  |
| Subtotal of cash generated from operating activities  | 28,130,302,068.02 | 19,259,797,146.30 |
| Payments for commodities and services   | 26,800,524,727.57 | 16,457,966,672.41 |
| Net increase in loans and advances to customers   |                   |                   |
| Net increase in deposits in central bank and in interbank loans granted                       |                   |                   |
| Payments for claims on original insurance contracts   |                   |                   |
| Net increase in financial assets held for trading   |                   |                   |
| Net increase in interbank loans granted   |                   |                   |
| Interest, handling charges and commissions paid   |                   |                   |
| Policy dividends paid   |                   |                   |
| Cash paid to and for employees  | 926,887,184.41    | 830,723,675.14    |
| Taxes paid  | 453,909,943.55    | 1,461,811,434.09  |
| Cash used in other operating activities   | 1,991,936,384.26  | 2,347,454,070.52  |
| Subtotal of cash used in operating activities   | 30,173,258,239.79 | 21,097,955,852.16 |
| Net cash generated from/used in operating activities  | -2,042,956,171.77 | -1,838,158,705.86 |
| 2. Cash flows from investing activities:  |                   |                   |
| Proceeds from disinvestment   | 221,738,210.00    | 42,903,231.61     |
| Return on investment  | 73,227,388.55     | 72,250,837.30     |
| Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets | 100,441,951.60    | 1,682,604.46      |
| Net proceeds from the disposal of subsidiaries and other business units                       | 32,675,173.25     | 42,511,059.22     |
| Cash generated from other investing activities  | 1,396,866,878.42  | 942,900,000.00    |
| Subtotal of cash generated from investing activities  | 1,824,949,601.82  | 1,102,247,732.59  |
| Payments for the acquisition of fixed assets, intangible assets and other long-lived assets   | 642,392,906.08    | 140,086,476.23    |
| Payments for investments  | 1,156,259,360.00  | 198,399,656.00    |
| Net increase in pledged loans granted   |                   |                   |
| Net payments for the acquisition of subsidiaries and  |                   | 232,126,165.53    |

|   |                   |                  |
|---|-------------------|------------------|
| other business units  |                   |                  |
| Cash used in other investing activities                                       | 700,033,420.00    | 874,730,000.00   |
| Subtotal of cash used in investing activities                                 | 2,498,685,686.08  | 1,445,342,297.76 |
| Net cash generated from/used in investing activities                          | -673,736,084.26   | -343,094,565.17  |
| 3. Cash flows from financing activities:                                      |                   |                  |
| Capital contributions received  | 165,523,493.96    | 115,980,594.60   |
| Including: Capital contributions by non-controlling interests to subsidiaries | 165,523,493.96    | 115,980,594.60   |
| Borrowings obtained   | 11,564,151,964.42 | 6,725,691,416.47 |
| Net proceeds from issuance of bonds   | 3,487,750,000.00  |                  |
| Cash generated from other financing activities                                | 350,346,627.50    | 1,023,076.93     |
| Subtotal of cash generated from financing activities                          | 15,567,772,085.88 | 6,842,695,088.00 |
| Repayments of borrowings  | 11,054,191,049.91 | 3,377,017,426.30 |
| Payments for interest and dividends   | 255,889,282.00    | 562,435,220.65   |
| Including: Dividends paid by subsidiaries to non-controlling interests        |                   |                  |
| Cash used in other financing activities                                       | 264,881,928.72    | 22,612,122.48    |
| Subtotal of cash used in financing activities                                 | 11,574,962,260.63 | 3,962,064,769.43 |
| Net cash generated from/used in financing activities                          | 3,992,809,825.25  | 2,880,630,318.57 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents       | -9,021,516.41     | -35,288,115.64   |
| 5. Net increase in cash and cash equivalents                                  | 1,267,096,052.81  | 664,088,931.90   |
| Add: Cash and cash equivalents, beginning of the period                       | 3,434,149,481.72  | 3,097,899,703.76 |
| 6. Cash and cash equivalents, end of the period                               | 4,701,245,534.53  | 3,761,988,635.66 |

Unit: RMB

## 6. Cash Flow Statement of the Company as the Parent

| Item  | H1 2019           | H1 2018           |
|---|-------------------|-------------------|
| 1. Cash flows from operating activities:                    |                   |                   |
| Proceeds from sale of commodities and rendering of services | 10,761,635,579.27 | 8,900,547,132.50  |
| Tax rebates   | 30,608,798.86     | 80,805,268.47     |
| Cash generated from other operating activities              | 6,301,905,413.21  | 1,231,787,065.42  |
| Subtotal of cash generated from operating activities        | 17,094,149,791.34 | 10,213,139,466.39 |
| Payments for commodities and services                       | 8,915,821,945.44  | 6,889,739,101.21  |
| Cash paid to and for employees                              | 376,948,025.22    | 508,124,450.52    |
| Taxes paid  | 30,146,084.97     | 1,139,215,454.64  |

|   |                   |                   |
|---|-------------------|-------------------|
| Cash used in other operating activities   | 7,232,326,927.95  | 1,847,843,398.55  |
| Subtotal of cash used in operating activities   | 16,555,242,983.58 | 10,384,922,404.92 |
| Net cash generated from/used in operating activities  | 538,906,807.76    | -171,782,938.53   |
| 2. Cash flows from investing activities:  |                   |                   |
| Proceeds from disinvestment   | 105,558,710.00    | 55,600,000.00     |
| Return on investment  | 40,874,813.31     | 77,823,977.16     |
| Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets | 198,805.64        | 28,777.00         |
| Net proceeds from the disposal of subsidiaries and other business units                       |                   |                   |
| Cash generated from other investing activities  | 672,765,551.82    | 1,115,044,083.79  |
| Subtotal of cash generated from investing activities  | 819,397,880.77    | 1,248,496,837.95  |
| Payments for the acquisition of fixed assets, intangible assets and other long-lived assets   | 39,488,957.39     | 54,103,982.64     |
| Payments for investments  | 551,150,000.00    | 1,222,391,400.00  |
| Net payments for the acquisition of subsidiaries and other business units                     |                   |                   |
| Cash used in other investing activities   | 4,224,938,500.00  | 861,154,315.32    |
| Subtotal of cash used in investing activities   | 4,815,577,457.39  | 2,137,649,697.96  |
| Net cash generated from/used in investing activities  | -3,996,179,576.62 | -889,152,860.01   |
| 3. Cash flows from financing activities:  |                   |                   |
| Capital contributions received  |                   |                   |
| Borrowings obtained   | 3,954,465,982.73  | 3,216,716,364.16  |
| Net proceeds from the issuance of bonds   | 3,487,750,000.00  |                   |
| Cash generated from other financing activities  |                   |                   |
| Subtotal of cash generated from financing activities  | 7,442,215,982.73  | 3,216,716,364.16  |
| Repayments of borrowings  | 3,053,659,242.73  | 1,207,765,069.15  |
| Payments for interest and dividends   | 204,582,931.37    | 552,129,671.31    |
| Cash used in other financing activities   | 8,079,215.50      | 335,984,291.92    |
| Subtotal of cash used in financing activities   | 3,266,321,389.60  | 2,095,879,032.38  |
| Net cash generated from/used in financing activities  | 4,175,894,593.13  | 1,120,837,331.78  |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents                       | -9,427,666.78     | -75,185,223.64    |
| 5. Net increase in cash and cash equivalents  | 709,194,157.49    | -15,283,690.40    |
| Add: Cash and cash equivalents, beginning of the period                                       | 1,497,794,555.85  | 1,743,269,944.67  |
| 6. Cash and cash equivalents, end of the period   | 2,206,988,713.34  | 1,727,986,254.27  |

Unit: RMB

## 7. Consolidated Statements of Changes in Owners' Equity

H1 2019

Unit: RMB

| Item   | H1 2019  |                          |       |  |                  |                      |                            |                  |                  |                 |                   |       |                  |                  | Non-controlling interests | Total owners' equity |
|--|--|--------------------------|-------|--|------------------|----------------------|----------------------------|------------------|------------------|-----------------|-------------------|-------|------------------|------------------|---------------------------|----------------------|
|  | Equity attributable to owners of the Company as the parent |                          |       |  |                  |                      |                            |                  |                  |                 |                   |       | Subtotal         |                  |                           |                      |
|  | Share capital  | Other equity instruments |       |  | Capital reserves | Less: Treasury stock | Other comprehensive income | Specific reserve | Surplus reserves | General reserve | Retained earnings | Other |                  |                  |                           |                      |
|  | Preferred shares   | Perpetual bonds          | Other |  |                  |                      |                            |                  |                  |                 |                   |       |                  |                  |                           |                      |
| 1. Balances as at the end of the prior year                | 2,407,945,408.00   |                          |       |  | 208,356,624.21   |                      | -10,538,219.08             |                  | 1,227,564,785.19 |                 | 4,271,408,192.21  |       | 8,104,736,790.53 | 1,346,631,520.26 | 9,451,368,310.79          |                      |
| Add: Adjustments for changed accounting policies           |  |                          |       |  |                  |                      |                            |                  |                  |                 | -2,884,254.62     |       | -2,884,254.62    |                  | -2,884,254.62             |                      |
| Adjustments for corrections of previous errors             |  |                          |       |  |                  |                      |                            |                  |                  |                 |                   |       |                  |                  |                           |                      |
| Adjustments for business combinations under common control |  |                          |       |  |                  |                      |                            |                  |                  |                 |                   |       |                  |                  |                           |                      |
| Other adjustments  |  |                          |       |  |                  |                      |                            |                  |                  |                 |                   |       |                  |                  |                           |                      |
| 2. Balances as at the beginning of the year                | 2,407,945,408.00   |                          |       |  | 208,356,624.21   |                      | -10,538,219.08             |                  | 1,227,564,785.19 |                 | 4,268,523,937.59  |       | 8,101,852,535.91 | 1,346,631,520.26 | 9,448,484,056.17          |                      |
| 3. Increase/ decrease in the period ("-" for decrease)     |  |                          |       |  | 29,405,337.77    |                      | -3,659,886.69              | 71,737.08        |                  |                 | 111,972,479.93    |       | 137,789,668.09   | 247,437,548.62   | 385,227,216.71            |                      |
| 3.1 Total comprehensive income                             |  |                          |       |  |                  |                      | -3,659,886.69              |                  |                  |                 | 352,767,020.73    |       | 349,107,134.04   | 126,495,519.90   | 475,602,653.94            |                      |
| 3.2 Capital increased and reduced by owners                |  |                          |       |  |                  |                      |                            |                  |                  |                 |                   |       |                  | 120,942,028.72   | 120,942,028.72            |                      |
| 3.2.1 Ordinary shares                                      |  |                          |       |  |                  |                      |                            |                  |                  |                 |                   |       |                  | 118,854,770.64   | 118,854,770.64            |                      |





|   |                  |  |  |                |  |                |           |                  |  |                  |  |                  |                  |  |                  |
|---|------------------|--|--|----------------|--|----------------|-----------|------------------|--|------------------|--|------------------|------------------|--|------------------|
| 3.4.5 Other comprehensive income transferred to retained earnings |                  |  |  |                |  |                |           |                  |  |                  |  |                  |                  |  |                  |
| 3.4.6 Other   |                  |  |  |                |  |                |           |                  |  |                  |  |                  |                  |  |                  |
| 3.5 Specific reserve  |                  |  |  |                |  |                |           |                  |  |                  |  |                  |                  |  |                  |
| 3.5.1 Increase in the period                                      |                  |  |  |                |  |                |           |                  |  |                  |  |                  |                  |  |                  |
| 3.5.2 Used in the period  |                  |  |  |                |  |                |           |                  |  |                  |  |                  |                  |  |                  |
| 3.6 Other   |                  |  |  | 29,405,337.77  |  |                | 71,737.08 |                  |  |                  |  | 29,477,074.85    |                  |  | 29,477,074.85    |
| 4. Balances as at the end of the period                           | 2,407,945,408.00 |  |  | 237,761,961.98 |  | -14,198,105.77 | 71,737.08 | 1,227,564,785.19 |  | 4,380,496,417.52 |  | 8,239,642,204.00 | 1,594,069,068.88 |  | 9,833,711,272.88 |

H1 2018

Unit: RMB

| Item   | H1 2018  |                          |       |  |                  |                       |                            |                  |                  |                 |                   |          | Non-controlling interests | Total owners' equity |                  |
|--|--|--------------------------|-------|--|------------------|-----------------------|----------------------------|------------------|------------------|-----------------|-------------------|----------|---------------------------|----------------------|------------------|
|  | Equity attributable to owners of the Company as the parent |                          |       |  |                  |                       |                            |                  |                  |                 |                   | Subtotal |                           |                      |                  |
|  | Share capital  | Other equity instruments |       |  | Capital reserves | Less : Treasury stock | Other comprehensive income | Specific reserve | Surplus reserves | General reserve | Retained earnings |          |                           |                      | Other            |
|  | Preferrred shares  | Perpetual bonds          | Other |  |                  |                       |                            |                  |                  |                 |                   |          |                           |                      |                  |
| 1. Balances as at the end of the prior year        | 2,407,945,408.00   |                          |       |  | 104,732,242.30   |                       | 3,697,458.95               |                  | 1,217,644,874.79 |                 | 4,260,125,492.57  |          | 7,994,145,476.61          | 204,044,330.78       | 8,198,189,807.39 |
| Add: Adjustments for changed accounting policies   |  |                          |       |  |                  |                       |                            |                  |                  |                 |                   |          |                           |                      |                  |
| Adjustments for corrections of previous errors     |  |                          |       |  |                  |                       |                            |                  |                  |                 |                   |          |                           |                      |                  |
| Adjustments for business combinations under common |  |                          |       |  |                  |                       |                            |                  |                  |                 |                   |          |                           |                      |                  |





| Item   | H1 2019          |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
|--|------------------|--------------------------|-----------------|-------|------------------|----------------------|----------------------------|------------------|------------------|-------------------|-------|----------------------|
|  | 股本               | Other equity instruments |                 |       | Capital reserves | Less: Treasury stock | Other comprehensive income | Specific reserve | Surplus reserves | Retained earnings | Other | Total owners' equity |
|  |                  | Preferred shares         | Perpetual bonds | Other |                  |                      |                            |                  |                  |                   |       |                      |
| 1. Balances as at the end of the prior year                    | 2,407,945,408.00 |                          |                 |       | 114,018,066.79   |                      | -1,182,217.31              |                  | 1,227,564,785.19 | 3,040,171,940.85  |       | 6,788,517,983.52     |
| Add: Adjustments for changed accounting policies               |                  |                          |                 |       |                  |                      |                            |                  |                  | -2,127,505.16     |       | -2,127,505.16        |
| Adjustments for corrections of previous errors                 |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| Other adjustments  |                  |                          |                 |       |                  |                      |                            |                  |                  | 7,971,211.72      |       | 7,971,211.72         |
| 2. Balances as at the beginning of the year                    | 2,407,945,408.00 |                          |                 |       | 114,018,066.79   |                      | -1,182,217.31              |                  | 1,227,564,785.19 | 3,046,015,647.41  |       | 6,794,361,690.08     |
| 3. Increase/ decrease in the period (“-” for decrease)         |                  |                          |                 |       |                  |                      |                            |                  |                  | -770,216,871.77   |       | -770,216,871.77      |
| 3.1 Total comprehensive income                                 |                  |                          |                 |       |                  |                      |                            |                  |                  | -529,422,330.97   |       | -529,422,330.97      |
| 3.2 Capital increased and reduced by owners                    |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 3.2.1 Ordinary shares increased by shareholders                |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 3.2.2 Capital increased by holders of other equity instruments |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 3.2.3 Share-based payments included in owners' equity          |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |

|   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
|---|------------------|--|--|--|----------------|--|---------------|--|------------------|------------------|--|------------------|
| 3.2.4 Other   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.3 Profit distribution   |                  |  |  |  |                |  |               |  |                  | -240,794,540.80  |  | -240,794,540.80  |
| 3.3.1 Appropriation to surplus reserves   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.3.2 Appropriation to owners (or shareholders)                                   |                  |  |  |  |                |  |               |  |                  | -240,794,540.80  |  | -240,794,540.80  |
| 3.3.3 Other   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4 Transfers within owners' equity   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.1 Increase in capital (or share capital) from capital reserves                |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.2 Increase in capital (or share capital) from surplus reserves                |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.3 Loss offset by surplus reserves   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.4 Changes in defined benefit pension schemes transferred to retained earnings |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.5 Other comprehensive income transferred to retained earnings                 |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.6 Other   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.5 Specific reserve  |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.5.1 Increase in the period  |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.5.2 Used in the period  |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.6 Other   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 4. Balances as at the end of the period   | 2,407,945,408.00 |  |  |  | 114,018,066.79 |  | -1,182,217.31 |  | 1,227,564,785.19 | 2,275,798,775.64 |  | 6,024,144,818.31 |

H1 2018

Unit: RMB

| Item   | H1 2018          |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
|--|------------------|--------------------------|-----------------|-------|------------------|----------------------|----------------------------|------------------|------------------|-------------------|-------|----------------------|
|  | Share capital    | Other equity instruments |                 |       | Capital reserves | Less: Treasury stock | Other comprehensive income | Specific reserve | Surplus reserves | Retained earnings | Other | Total owners' equity |
|  |                  | Preferred shares         | Perpetual bonds | Other |                  |                      |                            |                  |                  |                   |       |                      |
| 1. Balances as at the end of the prior year                    | 2,407,945,408.00 |                          |                 |       | 111,525,163.22   |                      | -1,970,304.62              |                  | 1,217,644,874.79 | 3,327,627,676.56  |       | 7,062,772,817.95     |
| Add: Adjustments for changed accounting policies               |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| Adjustments for corrections of previous errors                 |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| Other adjustments  |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 2. Balances as at the beginning of the year                    | 2,407,945,408.00 |                          |                 |       | 111,525,163.22   |                      | -1,970,304.62              |                  | 1,217,644,874.79 | 3,327,627,676.56  |       | 7,062,772,817.95     |
| 3. Increase/ decrease in the period (“-” for decrease)         |                  |                          |                 |       |                  |                      | 324,021.02                 |                  |                  | 347,154,580.34    |       | 347,478,601.36       |
| 3.1 Total comprehensive income                                 |                  |                          |                 |       |                  |                      | 324,021.02                 |                  |                  | 737,241,714.98    |       | 737,565,736.00       |
| 3.2 Capital increased and reduced by owners                    |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 3.2.1 Ordinary shares increased by shareholders                |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 3.2.2 Capital increased by holders of other equity instruments |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 3.2.3 Share-based payments included in owners' equity          |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 3.2.4 Other  |                  |                          |                 |       |                  |                      |                            |                  |                  |                   |       |                      |
| 3.3 Profit distribution  |                  |                          |                 |       |                  |                      |                            |                  |                  | -390,087,134.64   |       | -390,087,134.64      |

|   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
|---|------------------|--|--|--|----------------|--|---------------|--|------------------|------------------|--|------------------|
| 3.3.1 Appropriation to surplus reserves   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.3.2 Appropriation to owners (or shareholders)                                   |                  |  |  |  |                |  |               |  |                  | -390,087,134.64  |  | -390,087,134.64  |
| 3.3.3 Other   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4 Transfers within owners' equity   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.1 Increase in capital (or share capital) from capital reserves                |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.2 Increase in capital (or share capital) from surplus reserves                |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.3 Loss offset by surplus reserves   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.4 Changes in defined benefit pension schemes transferred to retained earnings |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.5 Other comprehensive income transferred to retained earnings                 |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.4.6 Other   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.5 Specific reserve  |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.5.1 Increase in the period  |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.5.2 Used in the period  |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 3.6 Other   |                  |  |  |  |                |  |               |  |                  |                  |  |                  |
| 4. Balances as at the end of the period   | 2,407,945,408.00 |  |  |  | 111,525,163.22 |  | -1,646,283.60 |  | 1,217,644,874.79 | 3,674,782,256.90 |  | 7,410,251,419.31 |

## **Konka Group Co., Ltd.**

### **Notes to Financial Statements for H1 2019**

**(All amounts are expressed, unless otherwise stated, in Renminbi (RMB).)**

#### **I. Company Profile**

##### **1. Establishment**

Konka Group Co., Ltd. (hereinafter referred to as “Company” or “the Company”), is a joint-stock limited company reorganized from the former Shenzhen Konka Electronic Co., Ltd. in August 1991 upon approval of the People’s Government of Shenzhen Municipality, and has its ordinary shares (A-share and B-share) listed on Shenzhen Stock Exchange with prior consent from the People’s Bank of China Shenzhen Special Economic Zone Branch. On 29 August 1995, the Company was renamed to “Konka Group Co., Ltd.” (Credibility code: 914403006188155783) with its main business electronic industry. And now the headquarters locates in No. 28 of No. 12 of Keji South Rd., Science & Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province.

##### **2. Share Capital Changes upon Establishment**

On 27 November 1991, with approval from the SRYFZ No. 102 [1991] document as issued by the People’s Bank of China Shenzhen Special Economic Zone Branch, Shenzhen Konka Electronic Co., Ltd., during 8 December 1991—31 December 1991, has issued 128,869,000 RMB ordinary shares (A-share) at a par value of RMB1.00 per share, of which the original net assets were converted into 98,719,000 state-owned institutional shares, 30,150,000 new shares were issued, including 26,500,000 circulating shares issued to the public and 3,650,000 staff shares issued to the staff of the Company.

On 29 January 1992, with approval from the SRYFZ No. 106 [1991] document as issued by the People’s Bank of China Shenzhen Special Economic Zone Branch, Shenzhen Konka Electronic Co., Ltd., during 20 December 1991— 31 January 1992, has issued to investors abroad 58,372,300 RMB special shares (B-share) at a par value of RMB1.00 per share, of which 48,372,300 shares held by the former foreign investor and founder—Hong Kong Ganghua Electronic Company Co., Ltd. are converted into foreign legal person’s shares, and 10,000,000 B-shares are issued additionally.

On 10 April 1993, the Proposal on Profit Distribution and Dividend Payout 1992 was adopted at the second general meeting of shareholders of the Company. With approval from the SZBF No. 2 [1993] document as issued by Shenzhen Securities Regulatory Office, the Company began to perform dividend policy for FY 1992 as of 30 April 1993: distributing



RMB 0.90 in cash plus 3.5 bonus shares for every 10 shares to all shareholders. The total capital stock reached 187,473,150 shares after this distribution.

On 18 April 1994, the Proposal on Profit Distribution and Dividend Payout 1993 was adopted at the third general meeting of shareholders of the Company. With approval from the SZBF No. 115 [1994] document as issued by Shenzhen Securities Regulatory Office, the Company began to perform dividend policy for FY1993 as of 10 June 1994: distributing RMB 1.10 in cash plus 5 bonus shares (including 4.4 profit bonus shares and 0.6 bonus share capitalized from capital public reserve) for every 10 shares to all shareholders. The total capital stock reached 281,209,724 shares after this distribution and capitalization from capital public reserve.

On 2 June 1994, in accordance with the provisions that “staff shares could go public and be transferred six months after listing”, as jointly promulgated by the State Commission for Restructuring the Economic System and the State Council’s Securities Commission, the staff shares of the Company was planned to be listed on the flow on 6 June 1994, with the prior consent of Shenzhen Securities Regulatory Office and Shenzhen Stock Exchange.

On 8 October 1994, the Proposal on Negotiable Bonus Shares of B-Share Corporate Shareholders 1992 was adopted at the interim general meeting of shareholders of the Company. With approval from the SZBF No. 224 [1994] document as issued by Shenzhen Securities Regulatory Office, the 16,930,305.00 bonus shares for FY 1992 granted to foreign legal persons were listed and negotiated at B-share market on 26 October 1994.

On 6 February 1996, the Proposal on Share Allotment Modes 1996 was adopted at the interim general meeting of shareholders of the Company. With approval from the SZBF No. 5 [1996] document as issued by Shenzhen Securities Regulatory Office, and re-examination from the ZJPSZ No. 16 [1996] document and ZJGZ No. 2 [1996] document as issued by China Securities Regulatory Commission, on 16 July 1996 and 29 October 1996, all shareholders were respectively allotted three shares for every ten existing shares held at RMB6.28/A-share and HKD5.85/B-share. Corporate shareholders took their respective existing shares as bases for full subscription of the allocable shares. The total capital stock reached 365,572,641.00 shares after this allotment.

On 25 January 1998, the Plan on Share Allotment 1998 was adopted at the interim general meeting of shareholders of the Company. With approval from the ZZBZ No. 29 [1998] document as issued by Shenzhen Securities Regulatory Office, and ZJSZ No.64 [1998] document as issued by China Securities Regulatory Commission, on 15 July 1998, negotiable A-shares were allotted in proportion of 3:10 at RMB10.50/A-share. For such reasons as

continued weakness in B-share secondary market (lower than share allotment price), B-share negotiation and allotment plan was cancelled, and the corporate shareholders of the Company waived the preemptive right. The total capital stock reached 389,383,603 shares after this allotment.

On 30 June 1999, the Proposal on Profit Distribution and Capitalization from Capital Public Reserve 1998 was adopted at the eighth general meeting of shareholders of the Company. On 20 August 1999, the profit distribution for FY 1998 was carried out: all shareholders were presented RMB3.00 in cash for every 10 shares, plus 2 shares capitalized from capital public reserve. The total capital stock reached 467,260,323.00 shares after this capitalization.

On 30 June 1999, the Plan on A-Share Issue for Capital Increase was adopted at the eighth general meeting of shareholders of the Company. With approval from the ZJFXZ No.140 [1999] document as issued by China Securities Regulatory Commission, on 1 November 1999, 80,000,000.00 A-shares were additionally issued to the public at RMB15.50/share. The total capital stock reached 547,260,323.00 shares after this additional issue.

On 30 May 2000, the Plan on Profit Distribution and Dividend Payout 1999 was adopted at the ninth general meeting of shareholders of the Company. On 25 July 2000, the profit distribution for FY 1999 was carried out: all shareholders were distributed RMB4.00 in cash plus 1 bonus shares for every 10 shares. The total capital stock reached 601,986,352.00 shares after this distribution.

On 26 May 2008, the 2017 general meeting of shareholders s was convened, during which the following resolutions were discussed and adopted: based on the total capital stock of 601,986,352.00 shares for the year ended 31 December 2007, capitalization from capital public reserve was made to all shareholders at a proportion of 1:1, namely 10 new shares for every 10 existing shares. On 16 December 2008, with approval from the SMGZF No. 2662 [2008] document as issued by Shenzhen Bureau of Trade and Industry, the Company was agreed to increase its share capital, and went through the formalities for registration of changes with the administration for industry and commerce on 10 April 2009. The total capital stock reached 1,203,972,704.00 shares after change.

According to the regulations of the 2015 1<sup>st</sup> Extraordinary General Meeting and the revised articles of the Company, the Company applied to increase the registered capital of RMB1,203,972,704.00, which totally turned into capital reserve with the altered registered capital of RMB2,407,945,408.00 and managed the industrial and commercial alternation registration on 28 January 2016 with the altered share capital of 2,407,945,408.00 shares.

3. Approved business scope: research and development, production and operation of such

intelligent household electric appliances as televisions, refrigerators, washing machines, and personal electronic appliances, and kitchen and bathroom electronic appliances; manufacturing and application of home AV, IPTV set-top boxes, OTT terminal products, digital TV receivers (including ground receiving equipment of satellite television broadcasting), digital products, intelligent wearable products, intelligent health products, intelligent electric products, intelligent switch plug, power bank, mobile communication equipments and terminal products, daily-use electronic products, automotive electronic products, satellite navigation systems, intelligent transportation systems, fire-fighting and security systems, office equipments, computers, displays, large screen display systems; LED (OLED) back light, illumination, light-emitting devices, and packaging thereof; Touch TV AIO, wireless broadcasting television transiting equipment; emergency broadcast system equipment, electronic parts and components, moulds, plastic and rubber products, and packing materials, design and in-door installation security products, monitoring products, wireless and cable digital television system and system integration, and technical consultancy and after-sale paid services of related products (except mobile phone, the other products in the above business scope are manufactured in other places outside Shenzhen); Wholesale, retail, import & export and relevant support services of the aforesaid products (including spare parts) (Commodities subject to state trading management are not involved. Products involved in quota, license management and other specified management shall be subject to the relevant state provisions.); sale of self-developed technological achievements; provision of maintenance services, technical consultant service for electronic products; ordinary cargo transportation, domestic freight forwarding, international freight forwarding, and warehousing services; management of supply chain, consultancy on enterprise management; and self-owned property leasing and management services, recovery of waste electrical appliances and electronic products (excluding disassembling) (operated by branch offices); and outsourcing services of information technology and business procedures by means of undertaking services in the way of outsourcing, including management and maintenance of system application, management of information technology, bank background service, financial settlement, human resource service, software development, call centre, and data processing. Import & export business: domestic trade; international trade (excluding monopoly, exclusive control, and monopolized commodities); selling security products, intelligent household products, door lock, and hardware; doing various business entrusted by (Mobile, Unicom, Telecom, and BC&TV); Water pollution control, solid waste pollution treatment, hazardous waste pollution control, air pollution control, soil pollution control and

remediation; production (excluding mining) and sales of non-metallic mineral products and materials; development, production and sales of specific materials for semiconductor integrated circuits and component; assembly, production and sales of integrated device electronics, design, R&D, manufacturing, testing, packaging and sales of semiconductor integrated circuits, and sales, integrated circuit products and related technical services, technology development, transfer, import and export in the field of semiconductor integrated circuit technology.

4. The Company and its subsidiaries are mainly engaged in the production and sales of colour TVs, white goods, mobile phones, etc.; businesses regarding trade, industry and science and technology, environmental protection, commercial factoring, and etc.

5. The financial statements contained herein have been approved for issue by the Board of Directors of the Company on 5 August 2019.

There were 123 subsidiaries included in the consolidation scope of 2019 of the Company, and please refer to the Notes VIII. “Equities among other entities” for details. There were 15 subsidiaries increased and 6 decreased in the consolidation scope of the Reporting Period over the last period of the Company, for details, see the Notes VII. “Changes of the consolidation scope”.

#### 6. A check list of corporate names and their abbreviations mentioned in this Report

| Corporate name   | Abbreviation               |
|--|----------------------------|
| Anhui Konka Electrical Appliance Technology Co., Ltd.                    | Anhui Electrical Appliance |
| Anhui Konka Electronic Co., Ltd.   | Anhui Konka                |
| Anhui Konka Tongchuang Electrical Appliances Co., Ltd.                   | Anhui Tongchuang           |
| Anhui Konka Zhilian E-Commerce Co., Ltd.                                 | Anhui Zhilian              |
| Beijing Konka Electronic Co., Ltd.                                       | Beijing Konka Electronic   |
| Boluo Konka Precision Technology Co., Ltd.                               | Boluo Konka Precision      |
| Boluo Konka PCB Co., Ltd.  | Boluo Konka                |
| Sichuan Konka Industrial New Town Development Co., Ltd.                  | Industrial New Town        |
| Chengdu Anren Konka Cultural and Creative Incubator Management Co., Ltd. | Chengdu Anren              |
| Chengdu Konka Incubator Management Co., Ltd.                             | Chengdu Konka Incubator    |
| Chuzhou Kangyong Health Industry Development Co., Ltd.                   | Chuzhou Kangyong           |
| Chuzhou Konka Technology & Industry Development Co., Ltd.                | Chuzhou Konka TID          |
| Nanjing Chuanghui Smart Technology Co., Ltd.                             | Chuanghui Smart            |
| Shenzhen Konka Electronics Technology Co., Ltd.                          | Electronics Technology     |
| Dongguan Konka Packing Materials Co., Ltd.                               | Dongguan Packing           |
| Dongguan Konka Electronic Co., Ltd.                                      | Dongguan Konka             |

| <b>Corporate name</b>  | <b>Abbreviation</b>                               |
|--|---|
| Dongguan Konka Investment Co., Ltd.                                    | Dongguan Konka Investment                         |
| Hainan Konka Technology Industry Development Co., Ltd.                 | Hainan Technology                                 |
| Hefei KONSEMI Storage Technology Co., Ltd.                             | Hefei KONSEMI                                     |
| Jiali International (Hong Kong) Limited                                | Jiali International                               |
| Jiaxin Technology Co., Ltd.  | Jiaxin Technology                                 |
| Jiangxi Konka New Material Technology Co., Ltd.                        | Jiangxi Konka                                     |
| Konka Electrical Appliances International Trading Co., Ltd.            | Konka Electrical Appliances International Trading |
| Konka Electrical Appliances Investment & Development Co., Ltd.         | Konka Electrical Appliances Investment            |
| Konka Factoring (Shenzhen) Co., Ltd.                                   | Konka Factoring                                   |
| Hainan Konka Material Technology Co., Ltd.                             | Konka Material                                    |
| Konka Ventures Development (Shenzhen) Co., Ltd.                        | Konka Ventures                                    |
| Guiyang Konka Enterprise Service Co., Ltd.                             | Konka Enterprise Service                          |
| Shenzhen Konka Electrical Appliances Co., Ltd.                         | Konka Electrical Appliances                       |
| Konka Huanjia (Dalian) Environmental Technology Co., Ltd.              | Konka Huanjia                                     |
| Konka Huanjia (Henan) Environmental Technology Co., Ltd.               | Konka Huanjia (Henan)                             |
| Shenzhen Konka Unifortune Technology Co., Ltd.                         | Konka Unifortune                                  |
| Guizhou Konka Enterprise Management Service Co., Ltd.                  | Konka Enterprise Management                       |
| Konka Ronghe Industrial Technology (Foshan) Co., Ltd.                  | Konka Ronghe                                      |
| Shenzhen Konka Eco-Development Investment Co., Ltd.                    | Konka Eco-Development                             |
| Shenzhen Konka Suyuan Investment Industrial Co., Ltd.                  | Konka Suyuan                                      |
| Konka Suiyong Investment (Shenzhen) Co., Ltd.                          | Konka Suiyong                                     |
| Sichuan Kangjietong Technology Co., Ltd.                               | Kangjietong                                       |
| Shenzhen Konka Investment Holding Co., Ltd.                            | Konka Investment                                  |
| Shenzhen Konka E-display Co., Ltd.                                     | Konka E-display                                   |
| Konka SmartTech Limited  | Konka SmartTech                                   |
| Shenzhen Konka Capital Equity Investment Management Co., Ltd.          | Konka Capital                                     |
| Konka Financial Leasing (Tianjin) Co., Ltd.                            | Konka Leasing                                     |
| Kangjietong (Hong Kong) Limited  | Kangjietong                                       |
| Shenzhen Kangqiao Easy Chain Technology Co., Ltd.                      | Kangqiao Easy Chain                               |
| Shenzhen Kangquan Enterprise Management Consulting Co., Ltd.           | Kangquan Enterprise                               |
| Anhui Kangzhi Trade Co., Ltd.  | Kangzhi Trade                                     |
| Shenzhen Konka Cross-Border Technological Innovation Service Co., Ltd. | Cross-Border Technological Innovation             |
| Mudanjiang Arctic Ocean Appliances Co., Ltd.                           | Mudanjiang Appliances                             |
| Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd.               | Nano Crystallized Glass                           |

| Corporate name   | Abbreviation                                |
|--|---|
| Nanjing Konka Smart Technology Co., Ltd.                     | Nanjing Konka                               |
| Konka (Europe) Co., Ltd.                                     | Konka Europe                                |
| Shenzhen Konka Electronic Fittings Technology Co., Ltd.      | Fittings Technology                         |
| Shenzhen Konka Pengrun Technology & Industry Co., Ltd.       | Konka Pengrun                               |
| Xiamen Dalong Trading Co., Ltd.                              | Xiamen Dalong                               |
| Shandong Kangxin Industrial Development Co., Ltd.            | Shandong Kangxin                            |
| Shenzhen Konka Commercial System Technology Co., Ltd.        | Commercial System Technology                |
| Shanghai Konka Industrial Co., Ltd.                          | Shanghai Konka                              |
| Shanghai Xinfeng Zhuoqun PCB Co., Ltd.                       | Shanghai Xinfeng                            |
| Shenzhen Huanan Investment Partnership (Limited Partnership) | Shenzhen Huanan                             |
| Shenzhen KONSEMI Co., Ltd.                                   | Shenzhen KONSEMI                            |
| Shenzhen Meixin Semiconductor Technology Co., Ltd.           | Shenzhen Meixin                             |
| Shenzhen Nianhua Enterprise Management Co., Ltd.             | Shenzhen Nianhua                            |
| Shenzhen Konka Life Electric Appliance Co., Ltd.             | Life Electric Appliance                     |
| Shenzhen Konka Shengxing Industrial Co., Ltd.                | Shengxing Industrial                        |
| Sichuan Konka Smart Terminal Technology Co., Ltd.            | Sichuan Konka                               |
| Suining Konka Electronic Technological Innovation Co., Ltd.  | Suining Electronic Technological Innovation |
| Suining Konka Industrial Park Development Co., Ltd.          | Suining Konka Industrial Park               |
| Shenzhen Konka Telecommunications Technology Co., Ltd.       | Telecommunication Technology                |
| Shenzhen Wankaida Science and Technology Co., Ltd.           | Wankaida                                    |
| Hong Kong Konka Limited                                      | Hong Kong Konka                             |
| Konka Mobility Co., Limited                                  | Konka Mobility                              |
| Shenzhen Xiaojia Technology Co., Ltd.                        | Xiaojia Technology                          |
| Henan Frestec Electrical Appliances Co., Ltd.                | Frestec Electrical Appliances               |
| Henan Frestec Household Appliances Co., Ltd.                 | Frestec Household Appliances                |
| Henan Frestec Refrigeration Appliance Co., Ltd.              | Frestec Refrigeration                       |
| Jiangxi Xinfeng Microcrystalline Jade Co., Ltd.              | Xinfeng Microcrystalline                    |
| GuangDong XingDa HongYe Electronic Co., Ltd.                 | XingDa HongYe                               |
| Yantai Konka Healthcare Enterprise Service Co., Ltd.         | Yantai Konka                                |
| Yantai Konka Industrial Co., Ltd.                            | Yantai Konka Industrial                     |
| Yantai Kangjin Technology Development Co., Ltd.              | Yantai Kangjin                              |
| Shenzhen E-display Service Co., Ltd.                         | E-display Service                           |
| Yibin Konka Technology Park Operation Co., Ltd.              | Yibin Konka Technology Park                 |
| Yibin Konka Incubator Management Co., Ltd.                   | Yibin Konka Incubator                       |

| Corporate name  | Abbreviation                                 |
|---|--|
| Shenzhen Konka Mobile Interconnection Technology Co., Ltd.                      | Mobile Interconnection                       |
| Hefei Yihe Electronic Co., Ltd.   | Yihe Electronic                              |
| Shenzhen Konka Yifang Technology Co., Ltd.                                      | Yifang Technology                            |
| E3info (Hainan) Technology Co., Ltd.  | E3info                                       |
| Shenzhen E2info Network Technology Co., Ltd.                                    | E2info                                       |
| Shandong Econ Technology Co., Ltd. (inclusive of its consolidated subsidiaries) | Econ Technology                              |
| Youshi Kangrong Culture Communication Co., Ltd.                                 | Youshi Kangrong                              |
| Shenzhen Youzhihui Technology Co., Ltd.   | Youzhihui                                    |
| Yibin Konka Smart Technology Co., Ltd.  | Smart Technology                             |
| Chain Kingdom Memory Technologies Co., Limited                                  | Chain Kingdom Memory Technologies            |
| Chain Kingdom Memory Technologies (Shenzhen) Co., Ltd.                          | Chain Kingdom Memory Technologies (Shenzhen) |
| Chongqing Konka Technology Development Co., Ltd.                                | Chongqing Konka                              |

## II. Basis for the Preparation of Financial Statements

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Company prepared financial statements in accordance with The Accounting Standards for Business Enterprises—Basic Standard issued by the Ministry of Finance with Decree No. 33 and revised with Decree No. 76, the 42 specific accounting standards, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations issued and revised from 15 February 2006 onwards (hereinafter jointly referred to as the Accounting Standards for Business Enterprises, China Accounting Standards or “CAS”), as well as the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

In accordance with relevant provisions of the Accounting Standards for Business Enterprises, the Company adopted the accrual basis in accounting. Except for some financial instruments and investment properties, the financial statements are based on historic costs to measure. Non-current assets held for sale is priced by the lower amount between the amounts that fair value minus estimated amount and the original book value that meets the held for sale requirement. Where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

## III. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company's financial positions as at 30 June 2019, business results and cash flows for H1 of 2019, and other relevant information. In addition, the Company's and the Company's financial statements meet the requirements of disclosing financial statements and notes thereto stated in the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

#### **IV. Important Accounting Policies and Estimations**

The Company and its subsidiaries are mainly engaged in the production and sales of colour TVs, white goods, mobile phones, etc.; businesses regarding trade, industry and science and technology, environmental protection, commercial factoring, financing lease, etc. The Company and its subsidiaries formulated certain specific accounting policies and accounting estimates according to the actual production and operation characteristics and the regulations of the relevant ASBE on the transactions and events of the revenues recognition, the recognition of completion of construction contract, and research development expenditure. For the details, please refer to each description of Notes IV. 23 “Revenues”. For the notes of the significant accounting judgment and estimations made by the management layer, please refer to Notes IV. 29 “Significant accounting judgment and estimations”.

##### **1. Fiscal Period**

The Company's fiscal periods include fiscal years and fiscal periods shorter than a complete fiscal year. The Company's fiscal year starts on January 1 and ends on December 31 of every year according to the Gregorian calendar.

##### **2. Operating Cycle**

A normal operating cycle refers to a period from the Company purchasing assets for processing to realizing cash or cash equivalents. An operating cycle for the Company is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

##### **3. Recording Currency**

Renminbi is the dominant currency used in the economic circumstances where the Company and its domestic subsidiaries are involved. Therefore, the Company and its domestic subsidiaries use Renminbi as their bookkeeping base currency. The overseas subsidiaries of the Company should confirm the HK Dollar and Euro as their recording currency according its major economic environment of their operating address. And the Company adopted Renminbi as the bookkeeping base currency when preparing the financial statements for the



Reporting Year.

#### **4. Accounting Treatment Methods for Business Combinations under the Same Control or not under the Same Control**

Business combinations, it is refer to two or more separate enterprises merge to form a reporting entity transactions or events. Business combination is divided into under the same control and those non under the same control.

##### **(1) Business combinations under the same control**

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary. In a business combination under the same control, the party which obtains control of other combining enterprise(s) on the combining date is the combining party, the other combining enterprise(s) is (are) the combined party. The “combining date” refers to the date on which the combining party actually obtains control on the combined party.

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital (share premium) shall be adjusted. If the additional paid-in capital (share premium) is not sufficient to be offset, the retained earnings shall be adjusted.

The direct cost for the business combination of the combining party shall be recorded into the profits and losses at the current period.

##### **(2) Business combinations not under the same control**

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. In a business combination not under the same control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree.

For a business combination not under the same control, the combination costs shall include the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree, the expenses for audit, legal services and assessment, and other administrative expenses,

which are recorded into the profits and losses in the current period. The trading expenses for the equity securities or debt securities issued by the acquirer as the combination consideration shall be recorded into the amount of initial measurement of the equity securities or debt securities. The involved contingent consideration shall be recorded into the combination costs at its fair value on the acquiring date. Where new or further evidences emerge, within 12 months since the acquiring date, against the existing circumstances on the acquiring date and the contingent consideration thus needs to be adjusted, the combined goodwill shall be adjusted accordingly. The combination costs of the acquirer and the identifiable net assets obtained by it in the combination shall be measured according to their fair values at the acquiring date. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. Where the combination costs are less than the fair value of the identifiable net assets it obtains from the acquiree, the acquirer shall re-examine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquiree as well as the combination costs. If, after the re-examination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquiree, the acquirer shall record the balance into the profits and losses of the current period.

As for the deductible temporary differences the acquirer obtains from the acquiree which are not recognized into deferred income tax liabilities due to their not meeting the recognition standards, if new or further information shows that the relevant situation has existed on the acquiring date and the economic benefits brought by the deductible temporary differences the acquirer obtains from the acquiree on the acquiring date can be realized, they shall be recognized into deferred income tax assets and the relevant goodwill shall be reduced. Where the goodwill is not sufficient to be offset, the difference shall be recognized into the profits and losses in the current period. In other circumstances than the above, where the deductible temporary differences are recognized into deferred income tax assets on the acquiring date, they shall be recorded into the profits and losses in the current period.

In a business combination not under same control realized by two or more transactions of exchange, according to about the No. 5 Notice about the Treasury Issuing the Accounting Standards for Enterprises (Finance accounting) [2012] No. 19 and the Article 51 of Accounting Standards for Enterprises No. 33—Consolidated Financial Statements Criterion about the “package deal” (see Note IV, 5 (2)), Whether the deals are “package deal” or not, belong to the “package deal”, see the previous paragraphs described in this section and Note

IV, 13 “long term equity investment” and conduct accounting treatment, those not belong to the “package deal” distinguish between the individual financial statements and the consolidated financial statements and conduct relevant accounting treatment.

In the individual financial statements, the sum of the book value and new investment cost of the Company holds in the acquiree before the acquiring date shall be considered as initial cost of the investment. Other related comprehensive gains in relation to the equity interests that the Company holds in the acquiree before the acquiring date shall be treated on the same basis as the acquiree directly disposes the related assets or liabilities when disposing the investment (that is, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree’s re-measurement, the others shall be transferred into current investment gains).

In the Company’s consolidated financial statements, as for the equity interests that the Company holds in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date. Other related comprehensive gains in relation to the equity interests that the Company holds in the acquiree before the acquiring date shall be treated on the same basis as the acquiree directly disposes the related assets or liabilities when disposing the investment (that is, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree’s re-measurement, the others shall be transferred into current investment gains on the acquiring date).

## **5. Methods for Preparing Consolidated Financial Statements**

### **(1) Principle for determining the consolidation scope**

The consolidation scope for financial statements is determined on the basis of control. The term “control” is the power of the Company upon an investee, with which it can take part in relevant activities of the investee to obtain variable returns and is able to influence the amount of returns. The scope of consolidation includes the Company and its all subsidiaries. A subsidiary is an enterprise or entity controlled by the Company.

Once any changes in the relevant facts or situations resulted in any changes in the elements involved in the aforesaid definition of “control”, the Company shall carry out a reassessment.

### **(2) Methods for preparing the consolidated financial statements**

Subsidiaries are fully consolidated from the date on which the Company obtains control on their net assets and operation decision-making and are de-consolidated from the date when

such control ceases. As for a disposed subsidiary, its operating results and cash flows before the disposal date has been appropriately included in the consolidated income statement and cash flow statement; and as for subsidiaries disposed in the current period, the opening items in the consolidated balance sheet are not adjusted. For a subsidiary acquired in a business combination not under the same control, its operating results and cash flows after the acquiring date have been appropriately included in the consolidated income statement and cash flow statement, and the opening items and comparative items in the consolidated financial statements are not adjusted. For a subsidiary acquired in a business combination under the same control and the merged party in a consolidation by merger, its operating results and cash flows from the beginning of the Reporting Period of the combination to the combination date have been appropriately included in the consolidated income statement and cash flow statement, and the comparative items in the consolidated financial statements are adjusted at the same time.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries. For a subsidiary acquired from a business combination not under the same control, the individual financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-Company balances, transactions and unrealized profits are offset in the consolidated financial statements.

The portion of a subsidiary's shareholders' equity and the portion of a subsidiary's net profits and losses for the period not held by the Company are recognized as minority interests and minority shareholder profits and losses respectively and presented separately under shareholders' equity and net profits in the consolidation financial statements. The portion of a subsidiary's net profits and losses for the period that belong to minority interests is presented as the item of "minority shareholder profits and losses" under the bigger item of net profits in the consolidated financial statements. Where the loss of a subsidiary shared by minority shareholders exceeds the portion enjoyed by minority shareholders in the subsidiary's opening owners' equity, minority interests are offset.

Where the Company loses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control ceases. The summation of the consideration obtained

from the disposal of equity interests and the fair value of the residual equity interests, minus the portion in the original subsidiary's net assets measured on a continuous basis from the acquisition date that is enjoyable by the Company according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Company's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment in the original subsidiary are treated on the same accounting basis as the acquiree directly disposes the relevant assets or liabilities (that is, except for the changes in the net liabilities or assets with a defined benefit plan resulted from re-measurement of the original subsidiary, the rest shall all be transferred into current investment gains) when such control ceases. And subsequent measurement is conducted on the residual equity interests according to the No. 2 Accounting Standard for Business Enterprises —Long-term Equity Investments or the No. 22 Accounting Standard for Business Enterprises—Recognition and Measurement of Financial Instruments. For details, see Note IV. 13 “long term equity investment” or Note IV. 9 “financial instruments”.

If the company disposes the equity investment in the subsidiary company until the loss of control through multiple transactions, it is necessary to distinguish whether the transactions disposing the equity investment in the subsidiary company until the loss of control belong to package transactions. All the transaction terms, conditions and economic impact of the disposal of subsidiaries' equity investment are in accordance with one or more of the following conditions, which usually indicate the multiple transactions, should be considered as a package deal for accounting treatment. ① These deals are at the same time or under the condition of considering the influence of each other to concluded; ② These transactions only be as a whole can achieve a complete business result; ③ The occurrence of a deal depends on at least one other transactions; ④ A deal alone is not economical, it is economical with other trading together. Those not belong to a package deal, each of them a deal depends on circumstances respectively conduct accounting treatment in accordance with the applicable principles of “part disposal of subsidiaries of a long-term equity investment under the condition of not losing control on its subsidiaries” (see Note IV. 13. (2) ④) and “Where the Company losses control on its original subsidiaries due to disposal of some equity investments or other reasons” (See the front paragraph) relevant transactions of the Company losses control on its subsidiaries due to disposal of equity investments belonging to a package deal, considered as a transaction and conduct accounting treatment. However, Before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated

financial statements, which together transferred into the current profits and losses in the loss of control, when the Company losing control on its subsidiary.

## **6. Classification of Joint Arrangements and Accounting Treatment of Joint Operations**

A joint arrangement refers to an arrangement jointly controlled by two participants or above. The Company classifies joint arrangements into joint operations and joint ventures according to its rights and duties in the joint arrangements. A joint operation refers to a joint arrangement where the Company enjoys assets and has to bear liabilities related to the arrangement. A joint venture refers to a joint arrangement where the Company is only entitled to the net assets of the arrangement.

The Company's investments in joint ventures are measured at the equity method according to the accounting policies mentioned in Note IV. 13 (2) ② "Long-term equity investments measured at the equity method".

For a joint operation, the Company, as a joint operator, recognizes the assets and liabilities that it holds and bears in the joint operation, and recognizes the jointly-held assets and jointly-borne liabilities according to the Company's stake in the joint operation; recognizes the income from sale of the Company's share in the output of the joint operation; recognizes the income from sale of the joint operation's outputs according to the Company's stake in it; and recognizes the expense solely incurred to the Company and the expense incurred to the joint operation according to the Company's stake in it.

When the Company, as a joint operator, transfers or sells assets (the assets not constituting business, the same below) to the joint operation, or purchases assets from the joint operation, before the assets are sold to a third party, the Company only recognizes the share of the other joint operators in the gains and losses arising from the sale. Where impairment occurs to the assets as prescribed in The Accounting Standard No. 8 for Business Enterprises—Asset Impairment, the Company shall fully recognize the loss for a transfer or sale of assets to a joint operation; and shall recognize the loss according to its stake in the joint operation for a purchase of assets from the joint operation.

## **7. Recognition Standard for Cash and Cash Equivalents**

In the Company's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

## **8. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements**

### (1) Accounting treatments for translation of foreign currency transactions

As for a foreign currency transaction, the Company shall convert the amount in a foreign currency into amount in its bookkeeping base at the spot exchange rate (usually referring to the central parity rate that day announced by the People's Bank of China, the same below) of the transaction date, while as for such transactions as foreign exchange or involving in foreign exchange, the Company shall converted into amount in the bookkeeping base currency at actual exchange rate the transaction is occurred.

### (2) Accounting treatments for translation of foreign currency monetary items and non-monetary items

On the balance sheet date, the foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded in the profits and losses in the current period, excluding the following situations: ① the exchange difference arising from foreign currency loans related to acquisition of fixed assets shall be treated at the principle of capitalization of borrowing costs; ② the exchange difference arising from the hedging instruments used for effective hedging of net overseas operation investments shall be recorded into other comprehensive incomes, and shall be recognized into current gains and losses when the net investments are disposed; and ③ the exchange difference arising from change in the book balance of foreign currency monetary items available for sale except the amortized costs shall be recorded into other comprehensive gains and losses.

When it involves overseas business in preparing the consolidated financial statement, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into the other comprehensive income; and be recorded into disposal gains and losses at current period when disposing overseas business.

A foreign currency non-monetary item measured at the historical costs shall still be translated at the spot exchange rate on the transaction date. Where the foreign non-monetary items measured at the fair value shall be converted into amount in its bookkeeping base currency at spot exchange rate, the exchange gains and losses arising thereof shall be treated as change in fair value, and recorded into the current period gains and losses or as other comprehensive incomes.

### (3) Translation of foreign currency financial statements

When it involves overseas business in preparing the consolidated financial statement, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into the item of “difference of foreign currency financial statement translation” under the owners’ equity; and be recorded into disposal gains and losses at current period when disposing overseas business.

The foreign currency financial statement of overseas business should be translated in to RMB financial statement by the following methods: The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner’s equity items, except for the items as “undistributed profits”, other items shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statements shall be translated at the spot exchange rate of the transaction date. The retained earnings at period-end is the retained earnings the period-end of last year after the translation; retained earnings at period-end shall be listed as various distribution items after the translation; after the translation, the balance between assets and the sum of liabilities and shareholders’ equities shall be recorded into other comprehensive gains and losses as difference of foreign currency translation. Where an enterprise disposes of an overseas business without the control right, it shall shift the differences, which is presented under the items of the shareholders’ equities in the balance sheet and which arises from the translation of foreign currency financial statements relating to this overseas business, into the disposal profits and losses of the current period by all or proportion of the disposed overseas business.

Foreign cash flow shall be translated at the spot exchange rate of the current period of the date of cash flow incurred. The influence of exchange rate on the cash flow shall be adjustment item and individually listed in the cash flow statement.

And the opening balance and the actual balance of the same period of last year shall be listed at the amounts after translation of foreign currency financial statement in the same period of last year.

Where the control of the Company over an overseas operation ceases due to disposal of all or some of the Company’s owner’s equity in the overseas operation or other reasons, the foreign-currency statement translation difference belonging to the parent company’s owner’s equity in relation to the overseas operation which is stated under the shareholders’ equity in the balance sheet shall be all restated as gains and losses of the disposal period.

Where the Company’s equity in an overseas operation decreases due to disposal of some



equity investment or other reasons but the Company still has control over the overseas operation, the foreign-currency statement translation difference in relation to the disposed part of the overseas operation shall be recorded into minority interests instead of current gains and losses. If what's disposed is some equity in an overseas associated enterprise or joint venture, the foreign-currency statement translation difference related to the overseas operation shall be recorded into the gains and losses of the current period of the disposal according to the disposal ratio.

## **9. Financial Instruments**

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

### **(1) Classification, recognition and measurement of financial assets**

The Company classifies the financial assets into financial assets measured at amortized cost, financial assets measured by the fair value and the changes recorded in other comprehensive income and financial assets at fair value through profit or loss based on the business model for financial assets management and characteristics of contractual cash flow of financial assets

Financial assets initially recognized shall be measured at their fair values. For financial assets measured at their fair values and of which the variation is recorded into the profit or loss of the current period, the transaction expenses thereof shall be directly included into the current profit or loss; for other financial assets, the transaction expenses thereof shall be included into the initially recognized amount. For accounts receivable and notes receivable generated from sales of commodities or provision of labor services, excluding or without regard to major financing, the expected consideration amount the Company has the right to collect will be taken by the Company as the initially recognized amount.

#### **① Financial assets measured by the amortized cost**

The business mode of the Company to manage the financial assets targets at collecting the contractual cash flow. What's more, the contractual cash flow characteristics of the financial assets are consistent with the basic lending arrangement, that is, the cash flow generated in the specific date is the payment of the interest based on the principal and outstanding principal amount. This kind of financial assets of the Company shall be subsequently measured based on the amortized cost and effective interest method, and the gains or losses arising from the amortization, impairment shall be included into current profit and loss.

#### **② Financial assets measured at the fair value with its changes included into other comprehensive income**

Business mode for managing financial assets of the Company takes contract cash flow collected as target and selling as target and contract cash flow characteristics of such financial assets are consistent with basic lending arrangement. The Company calculates such financial assets as per fair value whose change is included into corresponding comprehensive income, but impairment loss or gain, exchange gain or loss and interest income calculated as per actual interest rate method are included into the current profit and loss.

Furthermore, the Company designates partial non-tradable equity vehicle investment as the financial asset measured with fair value whose change is included into other comprehensive income. The Company includes the related dividend income of such financial assets into the current profit and loss with the change in fair value included into other comprehensive income. At the time of derecognition of such financial assets, accumulated gain or loss included into other comprehensive income before will be shifted to retained earnings from other comprehensive incomes but not included into the current profit and loss.

### ③ Financial assets at fair value through profit or loss

The Company classifies financial assets except for above-mentioned financial assets measured with amortized cost and financial assets measured with fair value whose change is included into other comprehensive income into financial assets at fair value through profit or loss. Furthermore, at the time of the initial recognition, to eliminate or significantly reduce the accounting mismatch, the Company specifies partial financial assets as the financial assets at fair value through profit or loss. For such financial assets, the Company adopts the fair value for the subsequent measurement, and the changes in fair value are included into current profit and loss.

## (2) Classification, recognition and measurement of financial liabilities

The Company's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

### ① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including the derivative instruments belonging to financial liabilities) and financial liabilities designated at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.

Trading financial liabilities (including the derivative instruments belonging to financial

liabilities) are subsequently measured at fair value, and the changes of fair value except those related to hedge accounting) shall be recorded in the current profit or loss.

For the financial liabilities at fair value through profit or loss, the change of such liability's fair value arising from changes in the Company's own credit risk is included into other comprehensive income. And when the liability is derecognized, the accumulative change amount of its fair value arising from the change of own credit risk included into other comprehensive income is transferred to the retained earnings. The changes of the remaining fair value are included in the current profit or loss. If the treatment of change effects in own credit risk of such financial liability in the above method may cause or expand the accounting mismatching in the profit or loss, the Company will include all gains or losses (including the amount influenced due to the changes in own credit risk of the enterprise) of such financial liability into the current profit or loss.

#### ② Other financial liabilities

Other financial liabilities except for those formed due to transfer of financial assets failing to comply with derecognition condition or continuously getting involved in transferred financial assets and financial guarantee contract are classified into financial liabilities measured with amortized cost and subject to subsequent measurement based on amortized cost. Gains or losses generated from derecognition or amortization are included into the current profit or loss.

#### (3) Recognition and measurement of financial assets transfer

The Company derecognizes a financial asset when one of the following conditions is met:

- 1) the rights to receive cash flows from the asset have expired;
- 2) the enterprise has transferred its rights to receive cash flows from the asset to a third party under a pass-through arrangement; or
- 3) the enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the enterprise has neither retained all the risks and rewards from the financial asset nor control over the asset, the asset is recognized according to the extent it exists as financial asset, and correspondent liability is recognized. The extent of existence refers the level of risk by the financial asset changes the enterprise is facing.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, (a). the

carrying amount of the financial asset transferred; and (b) the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognized; and (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

If the Company endorses the financial assets sold by right of recourse and holding financial assets, it needs to confirm that whether almost all risks and remuneration in the ownership of financial assets have been transferred or not. Where an enterprise has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset; If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. If the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of the financial asset, then it continuously judges that whether the Company retain the control of the assets, and conducts accounting treatment according to the principles described in former paragraphs.

#### (4) Derecognition of financial liabilities

In case of current obligation of financial liabilities (or partial financial liabilities) being terminated, derecognition of such financial liabilities (or partial financial liabilities) is conducted by the Company. If the Company (borrower) concludes an agreement with the lender to replace original financial liabilities with new ones and contract terms of new financial liabilities are different from those of original financial liabilities, derecognition of original financial liabilities and recognition of new financial liabilities shall be conducted. In case of material alteration of contract terms of original financial liabilities (partial financial liabilities) by the Company, derecognition of original financial liabilities and recognition of new financial liabilities as per modified terms shall be conducted.

In case of derecognition of financial liabilities (partial financial liabilities), the Company includes the balance between its carrying value and payment consideration (including non-cash assets transferred out or borne liabilities) into the current profit or loss.

#### (5) Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

#### (6) Determination of financial assets and liabilities' fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses quoted price in the active market to establish its fair value. The quoted price in the active market refers to the price that can be regularly obtained from exchange market, agencies, industry associations, pricing authorities; it represents the fair market trading price in the actual transaction. For a financial instrument which does not have an active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The Company measures initially and subsequently the fair value of an interest rate swap at the value of a competitor's interest rate swap quoted by a recognized financial institution as at the Company's balance sheet date in accordance with the principle of consistency. In valuation, the Company adopts applicable valuation techniques supported by sufficient utilizable data and other information in current circumstances, selects input values consistent with asset or liability characteristics considered in relevant asset or liability transactions of market participators and prioritizes the applying relevant observable input values. Unobservable input values shall not be applied unless relevant observable input values are not accessible or feasible.

#### (7) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders' equity. The Company does not recognize any changes in the fair value of equity instruments.

An equity instrument distributing dividends during the period of continued existence

(including the “interest” generated from those classified as equity instrument) shall be treated as profit distribution.

## 10. Impairment of Financial Assets

The Company needs to confirm that the financial assets subject to the impairment loss are the financial assets measured based on the amortized cost, the debt instrument investment measured based on the fair value with its variations included into other comprehensive incomes and the lease outlay receivable, mainly including notes receivable, account receivable, other receivables, investment on creditor’s rights, other investments on creditor’s rights and long-term receivables etc. Besides, in respect of the contract assets and partial financial guarantee contract, corresponding impairment provisions shall be calculated and withdrawn and corresponding credit impairment losses recognized according to various accounting policies mentioned in this part.

### (1) Methods for the Recognition of Impairment Provisions

For all mentioned items above, the Company shall calculate and withdraw corresponding impairment provisions and recognize corresponding credit impairment losses according to applicable expected credit loss measurement methods (general methods or simplified methods) with the expected credit loss as the basis.

Credit loss refers to the difference between all receivable contract cash flows and all expected cash flows that are discounted to the present value based on the original actual interest rate -- the present value of all cash shortfall. However, for the purchased or original financial assets subject to the credit impairment, the Company shall realize the discounting based on the actual interest rate subject to the credit adjustment.

General methods applied to measure the expected credit loss can be described as: the Company shall evaluate whether the credit risk of the financial assets (including the contract assets and other applicable items; the same below) increases remarkably after the initial recognition on the balance sheet day; if the credit risk increases remarkably after the initial recognition, the Company shall measure the provision for loss based on the specific expected credit loss amount during the entire period of existence; if not, the Company shall measure the provision for loss based on the specific expected credit loss amount in the following 12 months. While evaluating the expected credit loss, the Company shall take all reasonable and well-founded information into consideration, including the forward-looking information.

For the financial instrument of lower credit risk on the balance sheet day, the Company shall assume that its credit risk does not increase remarkably after the initial recognition, and corresponding provision for loss shall be measured according to the expected credit loss in

the following 12 months.

## (2) Standards for Judging Whether the Credit Risk Increases Remarkably after the Initial Recognition

If any financial assets' probability of default within the expected period of existence determined on the balance sheet day is obviously higher than that within the expected period of existence determined during the initial recognition, it shall indicate the remarkable increase of the financial assets' credit risk. Unless it is under special circumstances, the Company shall adopt various variations in the default risk in the following 12 months as the reasonable basis for estimating corresponding variations in the default risk within the entire period of existence and determining whether the credit risk increases remarkably after the initial recognition.

## (3) Combined Method for Evaluating the Expected Credit Risk based on Corresponding Combination

For the financial assets with remarkably different credit risk, the Company shall separately evaluate its credit risk, including the receivables from related parties, receivables involved in any dispute with the other party or any lawsuit and arbitration, and receivables with obvious evidence showing that the debtor cannot fulfill the due payment obligation etc.

Except for the financial assets whose credit risk shall be separately evaluated, the Company shall divide these financial assets into different combinations based on the specific risk features, on which basis, corresponding credit risks can be evaluated.

## (4) Accounting Treatment Methods Applied to the Impairment of Financial Assets

At the end of the period, the Company shall calculate the expected credit losses of various financial assets. If the expected credit loss is higher than the carrying amount of its current impairment provision, the difference shall be recognized as the impairment loss; if lower, the difference shall be recognized as the gain from the impairment.

## (5) Methods for Determining the Credit Loss of Various Financial Assets

### ① Notes Receivables

For notes receivable, the Company shall measure the provision for loss based on the specific expected credit loss during the entire period of existence. According to the credit risk characteristics thereof, except those with separate evaluation of credit risk, notes receivable can be divided into different combinations:

| Item | Basis |
|------|-------|
|------|-------|

|                  |   |
|------------------|---|
| Bank Acceptance  | The Acceptor shall be the bank with smaller credit risk |
| Trade Acceptance | Classified by credit risk of acceptors                  |

### ② Account Receivable and Contract Assets

For account receivable and contract assets excluding significant financing composition, the Company shall measure the provision for loss according to the specific expected credit loss amount within the entire period of existence.

For account receivable, contract assets and lease payment receivable including significant financing composition, the Company shall always measure the provision for loss according to the specific expected credit loss amount within the period of existence.

Except the account receivable and contract assets whose credit risks shall be separately evaluated, the Company shall divide them into different combinations based on the specific credit risks:

| Item  | Basis  |
|---|--|
| Aging Combination                                     | This combination involves the accounts receivable whose credit risk shall not be separately evaluated by regarding the aging as credit risk feature. |
| Project Funds Combination                             | This portfolio is the project-related receivables.   |
| Company Combination within the Scope of Consolidation | The accounts receivable within the scope of consolidation  |

### ③ Other Receivables

By determining whether the credit risk of other receivables increases remarkably after the initial recognition, the Company shall measure the impairment loss based on the specific expected credit loss in the following 12 months or during the entire period of existence. Except other receivables whose credit risks shall be separately evaluated, the Company shall divide them into different combinations based on the specific credit risk features:

| Item              | Basis  |
|-------------------|--|
| Aging Combination | This combination involves other receivables whose credit risk shall not be separately evaluated by regarding the aging as credit |



|   |  |
|---|--|
|   | risk feature.  |
| Low Risk Combination                                  | This combination shall regard other receivables of extremely low risk (including the revolving fund, the cash deposit and the guarantee deposit) as the credit risk feature. |
| Company Combination within the Scope of Consolidation | Other receivables within the scope of consolidation.   |

④ Long-term Receivables (except the account receivable and the lease payment receivable including the significant financing composition)

By determining whether the credit risk of long-term account receivables increases remarkably after the initial recognition, the Company shall measure the impairment loss based on the specific expected credit loss in the following 12 months or during the entire period of existence. Except long-term account receivables whose credit risks shall be separately evaluated, the Company shall divide them into different combinations based on the specific credit risk features:

| Item                        | Basis   |
|-----------------------------|---|
| Financing Lease Combination | Regarding the long-term receivables related to the financing lease as the credit risk characteristics |
| Franchise Combination       | Regarding the long-term receivables related to the PPP Project as the credit risk characteristics     |

## 11. Inventory

### (1) Classification

The Company's inventories mainly include raw materials, goods in process; merchandise on hand, goods delivered, circulating materials, and property inventories (development product, and development cost), and finished but unsettled assets of construction contract.

① Development product refers to the finished and held-for-sale property.

② Development costs refers to the unfinished property with the development purpose for sale.

③ The finished but unsettled assets of construction contract refers to the excess amount of the sum of accumulatively incurred costs and recognized gross margin (loss) of contract in process over the settled amount.

### (2) Pricing method for outgoing inventories

① Pricing method of common inventories

The inventories shall be measured in light of their cost when obtained. The cost of inventory consists of purchase costs, processing costs and other costs. Inventory is accounted by weight average method upon receiving and giving. For merchandise on hand shall be accounted by planned cost, if the difference between planned cost of and actual cost of raw materials is accounted through the cost variance item, and the planned cost is adjusted to the actual cost according to the cost difference which the carryover and given-out inventory should shoulder in the period.

### ② Pricing method of property inventories

The property inventories are initially measured at the costs, and inventories mainly include materials in stock, development product in process (development costs), finished development product, and development product intended to sell but rent temporarily, and etc. The costs of the development product include the land premium, expenditures for supporting infrastructures, expenditures for construction and installation projects, the borrowing costs before the completion of the developed project and other expenses occurred during the development process. When the inventories are delivered, its actual costs shall be recognized by weighted average method.

### ③ Pricing method of construction contract

The construction contracts shall be measured at actual cost, including all direct and indirect costs related to the execution of the contract from the time signing the contract to completing the contract. The expenses such as travel expenses and bidding fees incurred for the purpose of signing the contract, which can be separately and reliably measured and the contract is likely to be concluded, are included in the contract cost when the contract is obtained; if the above conditions are not met, they are included in the current profit and loss.

The accumulated costs incurred in the contract in progress, the accumulated recognized gross profit (loss) and the settled price are stated in the balance sheet as net offset. The part of the sum of the accumulated costs incurred in the contract in progress and the accumulated recognized gross profit (loss) that exceeds the settled price is stated as the inventory; the part of the settlement costs of the contract in progress that exceeds the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) are stated as account collected in advance.

### (3) Recognition basis of net realizable value and withdrawal method of depreciation reserves for inventories

The net realizable value refers, in the ordinary course of business, to the account after deducting the estimated cost of completion, estimated sale expense and relevant taxes from

the estimated sale price of inventories. The net realizable value of inventories shall be fixed on the basis of valid evidence as well as under consideration of purpose of inventories and the effect of events after balance-sheet-date.

On the balance sheet date, the inventories shall be measured according to the cost or the net realizable value, whichever is lower. If the net realizable value is lower than the cost, it shall withdraw the depreciation reserves for inventories, which was withdrawn in accordance with the balance that the cost of individual inventory item exceeding the net realizable value. The inventories with various numbers and low unit price shall be made provisions for depreciation reserves of inventories according to the category of inventories. For inventories that are produced and sold in the same region with same or similar end use or purposes, and hard to be measured separately from other items, it shall be made merger provisions for falling price of inventories.

After withdrawing the depreciation reserves for inventories, if the factors, which cause any write-down of the inventories, have disappeared, causing the net realizable value of inventories is higher than its carrying amount; the amount of write-down shall be reversed from the original amount of depreciation reserve for inventories. The reversed amount shall be included in the profits and losses of the current period.

(4) The perpetual inventory system is maintained for stock system.

(5) Amortization method of the low-value consumption goods and packing articles

The low-value consumption goods should be amortized by one time amortization when acquiring and the packing articles are amortized by one time amortization when acquiring.

## **12. Assets Held for Sale and Disposal Group**

When a company relies mainly on selling (including the exchanges of non-monetary assets with commercial substance, similarly hereinafter) instead of continuing to use a non-current asset or disposal group to recover its carrying value, then the non-current asset or disposal group is classified as assets held for sale. The specific standards are simultaneously meeting the following conditions: assets or disposal groups can be sold immediately under current conditions based on the practice of selling such assets or disposal groups in similar transactions; the Company has already made a resolution on the sale plan and obtained a certain purchase commitment, and the sale is expected to be completed within one year. A disposal group refers to a group of assets that are disposed of together as a whole by sale or other means in a transaction and the liabilities directly related to these assets transferred in the transaction. Where the asset group or combination of asset groups to which a disposal group belongs apportions the goodwill acquired in the business combination in accordance

with the Accounting Standards for Enterprises No. 8 - Asset Impairment, the disposal group shall include the goodwill allocated to it.

If there are non-current assets or disposal groups held for sale during initial measurement or on the balance sheet day based on remeasurement of this Company, if the carrying value is higher than the net amount by deducting the selling expenses with the fair value, the carrying value shall be written down and be equal to the net amount by deducting the selling expenses with the fair value. The write-down amount shall be confirmed as the loss of depreciation of assets and shall be included into the profits and losses of the current period. At the same time, prepare to calculate and withdraw the assets purchased and under agreements to resell. For the disposal group, deduct the carrying value of the goodwill in the disposal group with the asset depreciation losses confirmed, then deduct the carrying value of each non-current asset in the disposal group conforming to the measurement regulations of Accounting Standards for Business Enterprises No. 42-non-current Assets Purchased and under Agreements to Resell, Disposal Group and Operation Termination (herein after referred to as "the Standard for Assets Purchased and under Agreements to Resell"). If the net amount by deducting the selling expenses with the fair value of the disposal group purchased and under agreements to resell on the subsequent balance sheet date, the previous write-down amount shall be recovered and shall be reversed within the asset depreciation losses amount of the non-current confirmed as per regulation of the Standard for Assets Purchased and under Agreements to Resell after being classified into the category purchased and under agreements to resell. The reverse amount shall be included into the current profits and losses, and the carrying value shall be added as per the proportion of the carrying value of each non-current asset in the disposal group applicable to the Standard for Assets Purchased and under Agreements to Resell except for the goodwill; The goodwill carrying value deducted and the asset depreciation losses of the non-current assets applicable to the measurement regulations of the Standard for Assets Purchased and under Agreements to Resell before its confirmation of being classified into the category purchased and under agreements to resell shall not be reversed.

Depreciation or amortization in the non-current assets held for sale or the non-current assets in the disposal group shall not be calculated or withdrawn. Interests of liabilities and other expenses in the disposal group purchased and under agreements to resell shall be confirmed continuously.

When a non-current asset or disposal group fail to meet the classification conditions for the category of held-for-sale, the Company will no longer classify a non-current asset or disposal

group as held-for-sale or remove out a non-current asset from the held-for-sale disposal group, and it will be measured by one of the followings whichever is lower: (1) The carrying value before being classified as held for sale will be adjusted according to the depreciation, amortization or impairment that would have been recognized under the assumption that it was not classified as held for sale; (2) The recoverable amount.

### **13. Long-term Equity Investments**

The long-term equity investments of this part refer to the long-term equity investments that the Company has control, joint control or significant influence over the investees. The long-term equity investment that the Company does not have control, joint control or significant influence over the investees, should be recognized as available-for-sale financial assets or financial assets at fair value through profit or loss for accounting before 2019 and it will be measured as financial assets at fair value through profit or loss since January 2019, among which, for those not for trading, the Company can choose to designate them as financial assets measured at fair value and changes thereof are recorded into other comprehensive income at initial recognition for accounting, and for details of the accounting policies governing, please refer to Notes IV 9 “Financial Instrument”.

Joint control, refers to the control jointly owned according to the relevant agreement on an arrangement by the Company and the relevant activities of the arrangement should be decided only after the participants which share the control right make consensus. Significant influence refers to the power of the Company which could anticipate in the finance and the operation polices of the investees, but could not control or jointly control the formulation of the policies with the other parties.

#### **(1) Recognition of investment costs**

As for long-term equity investments acquired by enterprise merger, if the merger is under the same control, the share of the carrying value of the shareholders' equity of the merged enterprise, on the date of merger, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the carrying value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the carrying value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the

capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equities of the combined party which respectively acquired through multiple transaction under the same control that ultimately form into the combination of the enterprises under the same control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, it shall, on the date of merger, regard the enjoyed share of the carrying value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment, and as for the difference between the initial investment cost of the long-term equity investment and sum of the carrying value of the long-term equity investment before the combination and the carrying value of the consideration of the new payment that further required on the combination date, should adjust the capital reserve; if the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equity investment held before the combination date which adopted the equity method for accounting, or the other comprehensive income confirmed for the available-for-sale financial assets (financial assets at fair value and changes thereof are recorded into comprehensive income), should not have any accounting treatment for the moment.

For the long-term investment required from the business combination under different control, the initial investment cost regarded as long-term equity investment on the purchasing date according to the combination cost, the combination costs shall be the sum of the fair values of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company. The equities of the acquirees which respectively acquired through multiple transaction that ultimately form into the combination of the enterprises under the different control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, the sum of the carrying value of the original held equity investment of the acquirees and the newly added investment cost should be regarded as the initial investment cost of the long-term equity investment that changed to be accounted by cost method. On or before 31 December 2018, if the original held equity is calculated by cost method, the other relevant comprehensive income would not have any accounting disposal for the moment. If the original held equity

investment is the financial assets available for sale, its difference between the fair value and the carrying value as well as the accumulative changes of the fair value that include in the other comprehensive income, should transfer into the current gains and losses.

The commission fees for audit, law services, assessment and consultancy services and other relevant expenses occurred in the business combination by the combining party or the purchase party, shall be recorded into current profits and losses upon their occurrence; the transaction expense from the issuance of equity securities or bonds securities which are as consideration for combination by the combining party, should be recorded as the initial amount of equity securities and bonds securities.

Besides the long-term equity investments formed by business combination, the other long-term equity investments shall be initially measured by cost, the cost is fixed in accordance with the ways of gaining, such as actual cash payment paid by the Company, the fair value of equity securities issued by the Company, the agreed value of the investment contract or agreement, the fair value or original carrying amount of exchanged assets from non-monetary assets exchange transaction, the fair value of the long-term equity investments, etc. The expenses, taxes and other necessary expenditures directly related with gaining the long-term equity investments shall also be recorded into investment cost. The long-term equity investment cost for those could execute significant influences on the investees because of appending the investment or could execute joint control but not form as control, should be as the sum of the fair value of the original held equity investment and the newly added investment cost recognized according to the No. 22 of Accounting Standards for Business Enterprises—Recognition and Measurement of Financial Instrument.

## (2) Subsequent measurement and recognition of gains or losses

A long-term equity investment where the investing enterprise has joint control (except for which forms into common operators) or significant influence over the investors should be measured by equity method. Moreover, long-term equity investment adopting the cost method in the financial statements, and which the Company has control on invested entity.

### ① Long-term equity investment measured by adopting cost method

The price of a long-term equity investment measured by adopting the cost method shall be included at its initial investment cost and append as well as withdraw the cost of investing and adjusting the long-term equity investment. The return on investment at current period shall be recognized in accordance with the cash dividend or profit announced to distribute by the invested entity, except the announced but not distributed cash dividend or profit included in the actual payment or consideration upon gaining the investment.

## ② Long-term equity investment measured by adopting equity method

If the initial cost of a long-term equity investment is more than the Company's attributable share of the fair value of the invested entity's identifiable net assets for investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the Company's attributable share of the fair value of the invested entity's identifiable net assets for investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

When measured by adopting equity method, respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the carrying value of the long-term equity investment; corresponding reduce the carrying value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity except for the profits distribution of the investees, should adjust the carrying value of the long-term equity investment as well as include in the capital reserve. The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies adopted by the investees are not accord with that of the Company, should be adjusted according to the accounting policies of the Company and the financial statement of the investees during the accounting period and according which to recognize the investment income as well as other comprehensive income. For the transaction happened between the Company and associated enterprises as well as joint ventures, if the assets launched or sold not form into business, the portion of the unrealized gains and losses of the internal transaction, which belongs to the Company according to the calculation of the enjoyed proportion, should recognize the investment gains and losses on the basis. But the losses of the unrealized internal transaction happened between the Company and the investees which belongs to the impairment losses of the transferred assets, should not be neutralized. If the assets launched by this Company to the associated enterprise or joint ventures constitute the business, and the investor obtains the long-term equity investment but fails to obtain the control right, the fair value of business launched is taken as the initial investment cost of newly-increased long-term equity investment, and the difference between



initial investment cost and carrying value of business launched will be included in current profit and loss. If the assets sold by this Company to the associated enterprises or joint ventures constitute the business, the difference between consideration and carrying value of business will be included in current profit and loss. If this Company's assets purchased from the associated enterprises or joint ventures constitute business, accounting treatment shall be conducted in accordance with the provisions of the Accounting Standards for Business Enterprises No. 20 -- Business Combination, fully recognize the gains or losses related to the transaction.

The Company shall recognize the net losses of the invested enterprise until the carrying value of the long-term equity investment and other long-term rights and interests which substantially from the net investment made to the invested entity are reduced to zero. However, if the Company has the obligation to undertake extra losses, it shall be recognized as the estimated liabilities in accordance with the estimated duties and then recorded into investment losses at current period. If the invested entity realizes any net profits later, the Company shall, after the amount of its attributable share of profits offsets against its attributable share of the un-recognized losses, resume recognizing its attributable share of profits.

For the long-term equity investment held by the Company before the first execution of the new accounting criterion of the associated enterprises and joint ventures, if there is debit difference of the equity investment related to the investment, should be included in the current gains and losses according to the amount of the straight-line amortization during the original remained period.

### ③ Acquiring shares of minority interest

In the preparation for the financial statements, the balance existed between the long-term equity investment increased by acquiring shares of minority interest and the attributable net assets on the subsidiary calculated by the increased shares held since the purchase date (or combination date), the capital reserves shall be adjusted, if the capital reserves are not sufficient to offset, the retained profits shall be adjusted.

### ④ Disposal of long-term equity investment

In the preparation of financial statements, the Company disposed part of the long-term equity investment on subsidiaries without losing its controlling right on them, the balance between the disposed price and attributable net assets of subsidiaries by disposing the long-term equity investment shall be recorded into owners' equity; where the Company loses the controlling right by disposing part of long-term equity investment on such subsidiaries, it

shall treated in accordance with the relevant accounting policies in Note IV. 5 (2) “Method on preparation of combined financial statements”.

For other ways on disposal of long-term equity investment, the balance between the carrying value of the disposed equity and its actual payment gained shall be recorded into current profits and losses.

For the long-term equity investment measured by adopting equity method, if the remained equity after disposal still adopts the equity method for measurement, the other comprehensive income originally recorded into shareholders' equity should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees according to the corresponding proportion. The owners' equity recognized owing to the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current gains and losses according to the proportion.

For the long-term equity investment which adopts the cost method of measurement, if the remained equity still adopt the cost method, the other comprehensive income recognized owing to adopting the equity method for measurement or the recognition and measurement standards of financial instrument before acquiring the control of the investees, should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees and should be carried forward into the current gains and losses according to the proportion; the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion.

For those the Company lost the control of the investees by disposing part of the equity investment as well as the remained equity after disposal could execute joint control or significant influences on the investees, should change to measure by equity method when compiling the individual financial statement and should adjust the measurement of the remained equity to equity method as adopted since the time acquired; if the remained equity after disposal could not execute joint control or significant influences on the investees, should change the accounting disposal according to the relevant regulations of the recognition and measurement standards of financial instrument, and its difference between the fair value and carrying value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized by adopting equity method for measurement or the recognition and measurement standards of financial

instrument before the Company acquired the control of the investees, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when lose the control of them, while the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion. Of which, for the disposed remained equity which adopted the equity method for measurement, the other comprehensive income and the other owners' equity should be carried forward according to the proportion; for the disposed remained equity which changed to execute the accounting disposal according to the recognition and measurement standards of financial instrument, the other comprehensive income and the other owners' equity should be carried forward in full amount.

For those the Company lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and carrying value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognized owing to the changes of the other owner's equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

The Company respectively disposes the equity investment of the subsidiaries through multiple transactions until lose the control right, if the above transactions belongs to the package deal, should execute the accounting disposal by regarding each transaction as a deal of disposing the equity investment of the subsidiaries until lose the control right, while the difference between each expenses of the disposal and the carrying value of the long-term equity investment in accord with the disposed equity before losing the control right, should firstly be recognized as other comprehensive income then be transferred into the current gains and losses of losing the control right along until the time when lose it.

#### **14. Investment Property**

The term "investment property" refers to the real estate held for generating rent and/or capital

appreciation. Investment property of the Company include the right to use any land which has already been rented; the right to use any land which is held and prepared for transfer after appreciation; and the right to use any building which has already been rented.

The initial measurement of the investment property shall be made at its cost. Subsequent expenditures incurred for an investment property is included in the cost of the investment property when it is probable that economic benefits associated with the investment property will flow to the Company and the cost can be reliably measured, otherwise the expenditure is recognized in profit or loss in the period in which they are incurred.

The Company shall make a follow-up measurement to the investment property by employing the cost pattern on the date of the balance sheet. An accrual depreciation or amortization shall be made for the investment property in the light of the accounting policies of the use right of buildings or lands.

For details of impairment test method and withdrawal method of impairment provision of investment property, please refer to Note IV. 20. “Long-term assets impairment”.

When owner-occupied real estate or inventories are changed into investment property or investment property is changed into owner-occupied real estate, of which book value prior to the change shall be the entry value after the change.

When an investment property is changed to an owner-occupied real estate, it would be transferred to fixed assets or intangible assets at the date of such change. When an owner-occupied real estate is changed to be held to earn rental or for capital appreciation, the fixed asset or intangible asset is transferred to investment property at the date of such change. If the fixed asset or intangible asset is changed into investment property measured by adopting the cost pattern, whose book value prior to the change shall be the entry value after the change; if the fixed asset or intangible asset is changed into investment property measured by adopting the fair value pattern, whose fair value on the date of such change shall be the entry value after the change

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds on sale, transfer, retirement or damage of an investment property less its carrying amount and related taxes and expenses is recognized in profit or loss in the period in which it is incurred.

## **15. Fixed Assets**

### **(1) Conditions for recognition of fixed assets**

Fixed assets refer to tangible assets held for the production of commodities, the provision of services, leasing or operation and management, whose service life exceeds one accounting year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the company and their costs can be reliably measured. Fixed assets are initially measured at cost, taking into account the impact of expected abandonment costs.

### (2) Depreciation methods of each fixed asset

The fixed assets should be withdrawn and depreciation by straight-line depreciation within the useful life since the next month when the fixed assets reach the estimated available state. The useful life, estimated net salvage and the yearly discounted rate of each fixed asset are as follows:

| Category of fixed assets | Method                     | Useful life (Year) | Expected net salvage value (%) | Annual depreciation (%) |
|--------------------------|----------------------------|--------------------|--------------------------------|-------------------------|
| Housing and building     | Straight-line depreciation | 20-40              | 5-10.00                        | 2.25-4.75               |
| Machinery equipment      | Straight-line depreciation | 5-10               | 5-10.00                        | 9.00-19.00              |
| Electronic equipment     | Straight-line depreciation | 3-5                | 5-10.00                        | 18.00-31.67             |
| Transportation vehicle   | Straight-line depreciation | 3-5                | 5-10.00                        | 18.00-31.67             |
| Other equipment          | Straight-line depreciation | 5                  | 5-10.00                        | 18.00-19.00             |

The “expected net salvage value” refers to the expected amount that the Company may obtain from the current disposal of a fixed asset after deducting the expected disposal expenses at the expiration of its expected useful life.

### (3) Testing method of impairment and withdrawal method of provision for impairment on fixed assets

For details of the testing method of impairment and withdraw method of impairment provision for impairment on fixed assets, please refer to Note IV. 20 “Long-term assets impairment”.

#### (4) Recognition basis, pricing and depreciation method of fixed assets by finance lease

The “finance lease” shall refer to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset. Its ownership may or may not eventually be transferred. The fixed assets by finance lease shall adopt the same depreciation policy for self-owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

#### (5) Other explanations

The follow-up expenses related to a fixed asset, if the economic benefits pertinent to this fixed asset are likely to flow into the enterprise and its cost can be reliably measured, shall be recorded into cost of fixed assets and ultimately recognized as the carrying value of the replaced part; otherwise, they shall be included in the current profits and losses.

Terminate to recognize the fixed assets when the fixed assets under the disposing state or be estimated that could not occur any economy benefits through using or disposing. When the Company sells, transfers or discards any fixed assets, or when any fixed assets of the Company is damaged or destroyed, the Company shall deduct the carrying value of the fixed assets as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

The Company shall check the useful life, expected net salvage value and depreciation method of the fixed assets at the end of the year at least, if there is any change, it shall be regarded as a change of the accounting estimates.

### **16. Construction in Progress**

Construction in process is measured at actual cost. Actual cost comprises construction costs, borrowing costs that are eligible for capitalization before the fixed assets being ready for their intended use and other relevant costs. Construction in process is transferred to fixed assets when the assets are ready for their intended use.

For details of the testing method of impairment and withdraw method of impairment provision on construction in progress, please refer to Note IV. 20 “Long-term assets impairment”.

### **17. Borrowing Costs**

The borrowing costs shall include interest on borrowings, amortization of discounts or

premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. When the borrowing costs can be directly attributable to the construction or production of assets eligible for capitalization, and the asset disbursements or the borrowing costs have already incurred, and the construction or production activities which are necessary to prepare the asset for its intended use or sale have already started, the capitalization of borrowing costs begins. When the asset eligible for capitalization under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recognized as expenses when incurred.

The to-be-capitalized amount of interests shall be determined in light of the actual interests incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment; the enterprise shall calculate and determine the to-be-capitalized amount on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the period of capitalization, the exchange balance on foreign currency special borrowings shall be capitalized; the exchange balance on foreign currency general borrowings shall be recorded into current profits and losses.

The term “assets eligible for capitalization” refers to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended.

## **18. Intangible Assets**

### **(1) Intangible assets**

The term “intangible asset” refers to the identifiable non-monetary assets possessed or controlled by enterprises which have no physical shape.

The intangible assets shall be initially measured according to its cost. The costs related with the intangible assets, if the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, shall be recorded into the costs of intangible assets; otherwise, it shall be recorded into current profits

and losses upon the occurrence.

The use right of land gained is usually measured as intangible assets. For the self-developed and constructed factories and other constructions, the related expenditures on use right of land and construction costs shall be respectively measured as intangible assets and fixed assets. For the purchased houses and buildings, the related payment shall be distributed into the payment for use right of land and the payment for buildings, if it is difficult to be distributed, the whole payment shall be treated as fixed assets.

For intangible assets with a finite service life, from the time when it is available for use, the cost after deducting the sum of the expected salvage value and the accumulated impairment provision shall be amortized by straight line method during the service life. While the intangible assets without certain service life shall not be amortized.

At the end of period, the Company shall check the service life and amortization method of intangible assets with finite service life, if there is any change, it shall be regarded as a change of the accounting estimates. Besides, the Company shall check the service life of intangible assets without certain service life, if there is any evidence showing that the period of intangible assets to bring the economic benefits to the enterprise can be prospected, it shall be estimated the service life and amortized in accordance with the amortization policies for intangible assets with finite service life.

## (2) R & D expenses

The expenditures for internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

The research expenditures shall be recorded into the profit or loss for the current period.

The development expenditures shall be confirmed as intangible assets when they satisfy the following conditions simultaneously, and shall be recorded into profit or loss for the current period when they don't satisfy the following conditions.

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
- ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other



resources;

⑤ The development expenditures of the intangible assets can be reliably measured.

As for expenses that can't be identified as research expenditures or development expenditures, the occurred R & D expenses shall be all included in current profits and losses.

(3) Testing method of impairment and withdraw method of impairment provision of intangible assets

For details of the testing method of impairment and withdraw method of impairment provision on intangible assets, see Notes IV. 20 "Long-term assets impairment".

### **19. Long-term Deferred Expenses**

Long-term deferred expenses refer to general expenses with the apportioned period over one year (one year excluded) that have occurred but attributable to the current and future periods. Long-term deferred expense shall be amortized averagely within benefit period.

### **20. Impairment of Long-term Assets**

For non-current financial Assets of fixed Assets, projects under construction, intangible Assets with limited service life, investing real estate with cost model, long-term equity investment of subsidiaries, cooperative enterprises and joint ventures, the Company should judge whether decrease in value exists on the date of balance sheet. Recoverable amounts should be tested for decrease in value if it exists. Other intangible Assets of reputation and uncertain service life and other non-accessible intangible assets should be tested for decrease in value no matter whether it exists.

If the recoverable amount is less than carrying value in impairment test results, the provision for impairment of differences should include in impairment loss. Recoverable amounts would be the higher of net value of asset fair value deducting disposal charges or present value of predicted cash flow. Asset fair value should be determined according to negotiated sales price of fair trade. If no sales agreement exists but with asset active market, fair value should be determined according to the Buyer's price of the asset. If no sales agreement or asset active market exists, asset fair value could be acquired on the basis of best information available. Disposal expenses include legal fees, taxes, cartage or other direct expenses of merchantable Assets related to asset disposal. Present value of predicted asset cash flow should be determined by the proper discount rate according to Assets in service and predicted cash flow of final disposal. Asset depreciation reserves should be calculated on the basis of single Assets. If it is difficult to predict the recoverable amounts for single Assets, recoverable amounts should be determined according to the belonging asset group. Asset group is the

minimum asset combination producing cash flow independently.

In impairment test, carrying value of the business reputation in financial report should be shared to beneficial asset group and asset group combination in collaboration of business merger. It is shown in the test that if recoverable amounts of shared business reputation asset group or asset group combination are lower than book value, it should determine the impairment loss. Impairment loss amount should firstly be deducted and shared to the carrying value of business reputation of asset group or asset group combination, then deduct carrying value of all assets according to proportions of other carrying value of above assets in asset group or asset group combination except business reputation.

After the asset impairment loss is determined, recoverable value amounts would not be returned in future.

## **21. Employee Compensation**

Employee compensation of the Company mainly includes short-term employee compensation, departure benefits, demission benefits and other long-term employee compensation. Of which:

Short-term compensation mainly including salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labour union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Company should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

Welfare after demission mainly includes setting drawing plan. Defined contribution plans include basic endowment insurance, unemployment insurance and annuity. Deposited amounts are charged to relevant asset costs or current profits and losses during the period in which they are incurred. Defined benefit plan of the Company is internal early retirement plan. According to anticipated accumulative welfare unit, the Company makes estimates by unbiased and consistent actuarial assumption for the demographic variables and financial variables, measures the obligations produced in defined benefit plans, and determines the vesting period. On balance sheet date, the Company will list all obligations in defined benefit plans as present value and include current service costs into current profits and losses.

When terminating labour relations before expiration of contract, or layoffs with

compensations, and the Company cannot terminate the labour relations unilaterally or reduce the demission welfare, remuneration and liabilities produced from the demission welfare should be determined and included in current profits and losses when determining the costs of demission welfare and recombination. However, demission welfare not fully paid within 12 months after annual Reporting Period should be handled the same as other long-term employees' payrolls.

The inside employee retirement plan is treated by adopting the same principle with the above demission welfare. The Company would recorded the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (demission welfare) under the condition that they meet the recognition conditions of estimated liabilities.

The other long-term welfare that the Company offers to the staffs, if met with the setting drawing plan, should be accounting disposed according to the setting drawing plan, while the rest should be disposed according to the setting revenue plan.

## **22. Provisions**

The Company should recognize the related obligation as a provision for liability when the obligation meets the following conditions: (1) That obligation is a present obligation of the enterprise; (2) It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation; (3) A reliable estimate can be made of the amount of the obligation.

On the balance sheet date, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies to measure the provisions in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When all or some of the expenses necessary for the liquidation of an provisions of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognized for the reimbursement should not exceed the carrying value of the estimated liabilities.

## **23. Revenue**

### **(1) Revenue from selling goods**

No revenue from selling goods may be recognized unless the following conditions are met simultaneously: the significant risks and rewards of ownership of the goods have been

transferred to the buyer by the enterprise; the enterprise retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; the relevant amount of revenue can be measured in a reliable way; the relevant economic benefits may flow into the enterprise; and the relevant costs incurred or to be incurred can be measured in a reliable way.

The recognition of revenue from commodities for the home market when shipping the goods or transferring property in goods; for goods exported, the revenue shall be recognized once the goods are cleared through customs and delivered to the carrier designated by the purchaser; for goods directly traded in overseas, the revenue shall be recognized when customers pick up the goods or the goods are delivered to the assigned place by customers.

## (2) Providing labour services

If the Company can reliably estimate the outcome of a transaction concerning the labour services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method on the date of the balance sheet. The completed proportion of a transaction concerning the providing of labour services shall be decided by the proportion of the labour service already provided to the total labour service to provide.

The outcome of a transaction concerning the providing of labour services can be measured in a reliable way, means that the following conditions shall be met simultaneously: ① The amount of revenue can be measured in a reliable way; ② The relevant economic benefits are likely to flow into the enterprise; ③ The schedule of completion under the transaction can be confirmed in a reliable way; and ④ The costs incurred or to be incurred in the transaction can be measured in a reliable way.

If the outcome of a transaction concerning the providing of labour services cannot be measured in a reliable way, the revenue from the providing of labour services shall be recognized in accordance with the amount of the cost of labour services incurred and expected to be compensated, and make the cost of labour services incurred as the current expenses. If it is predicted that the cost of labour services incurred couldn't be compensated, thus no revenue shall be recognized.

Where a contract or agreement signed between Company and other enterprises concerns selling goods and providing of labour services, if the part of sale of goods and the part of providing labour services can be distinguished from each other and can be measured respectively, the part of sale of goods and the part of providing labour services shall be treated respectively. If the part of selling goods and the part of providing labour services cannot be distinguished from each other, or if the part of sale of goods and the part of

providing labour services can be distinguished from each other but cannot be measured respectively, both parts shall be conducted as selling goods.

### (3) Construction contract income

Under circumstance of that the outcome of the construction contract can be reliably estimated, the contract income and costs are confirmed on the balance sheet date in accordance with the percentage of completion method. The completion of the contract is determined by the proportion of the incurred labor costs to the estimated total costs.

That the result of the construction contract can be reliably estimated refers to that: ① the total income of the contract can be reliably measured; ② the economic benefits related to the contract are likely to flow into the enterprise; ③ The actual contract costs can be clearly differentiated and reliably measured; ④ the completion of the contract and the costs needed to complete the contract can be reliably determined.

If the result of the construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income can be confirmed according to the actual contract cost that can be recovered, and the contract cost is confirmed as the contract expense in the current occurring period; for the contract cost that cannot be recovered, it is immediately confirmed as the contract cost but not the contract income when it occurs. If the uncertainties that make the results of the construction contract cannot be reliably estimated are no longer in existence, the income and expenses related to the construction contract are determined according to the percentage of completion method.

If the estimated total cost of the contract exceeds the total contract income, the estimated loss is confirmed as the current expense.

The accumulated costs incurred in the contract in progress, the accumulated recognized gross profit (loss) and the settled price are stated in the balance sheet as net offset. The part of the sum of the accumulated costs incurred in the contract in progress and the accumulated recognized gross profit (loss) that exceeds the settled price is stated as the inventory; the part of the settlement costs of the contract in progress that exceeds the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) are stated as account collected in advance.

### (4) Business income of BOT and PPP

The Company participates in the construction of public infrastructure by means of BOT and PPP. During the construction period, the Company recognizes the relevant revenue and expenses from providing services in accordance with ASBE No. 15 - Construction Contracts.

After the completion of infrastructure, the Company recognizes the revenue from related to follow-up services in accordance with ASBE No. 14 - Revenue.

Revenue from construction contracts is measured at the fair value of collected consideration or consideration receivable (generally the amount of construction contracts), and financial assets or intangible assets are recognized, in the recognition of revenue, in the following circumstances:

① The contract stipulates that within a certain period after the completion of infrastructure, the company undertaken the project may unconditionally collect money or other financial assets of a fixed amount from the party awarding the contract; or, where the services fee charged by the company undertaken the project is lower than a specified amount, and the party awarding the contract is responsible for compensating the relevant price difference to the company undertaken the project in accordance with the contract, in the recognition of revenue, financial assets are recognized and treated in accordance with the provisions of ASBE No. 22 - Recognition and Measurement of Financial Instruments.

② The contract stipulates that the Company has the right to collect fees from the party receiving services within a certain period of time after the completion of relevant infrastructure. However, if the amount of fees is uncertain, this right does not constitute an unconditional right to collect cash. The Company undertaken the project shall recognize intangible assets in the recognition of revenue.

In case that interest on borrowing occurs in the construction process, it shall be treated in accordance with the provisions of ASBE No. 17 - Borrowing Costs.

In case that the project company fails to provide actual construction services and contracts the infrastructure construction to other parties, there will be no recognition of revenue from construction services, and the project price paid in the construction process is recognized as financial assets or intangible assets in accordance with the contract.

#### (5) Interest revenue

The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the Company's monetary fund is used by others and the agreed interest rate.

#### (6) Property leasing revenue

For the recognition method of the property leasing revenue, please refer to Notes IV. 26.

#### (7) Factoring business revenue

Take the paid-in factoring payment as the fair value to carry out initial measurement. Subsequent measurement shall be carried out as per the effective interest method according to the amortized cost. Take the balance between the fair value initially confirmed and transferred amount of accounts receivable or face value of notes receivable as the interest income by effective interests method and amortized costs during the financing period or the rest credit period; interest income shall be recognized by straight-line method if it is due within 1 year. The profits and losses from termination of recognition, impairment, and amortization shall be included into the current profits and losses.

#### (8) Finance lease income

As a financial lessor, the Company recognizes, on the beginning date of the lease term, the sum of the minimum rental receivables on the lease start date and the initial direct costs as the entry value of financial lease receivable, and records the unguaranteed residential value. The difference between the sum of minimum rental receivables plus the unguaranteed residential value and the present value is recognized as unrealized financing revenue.

Unrealized financing revenue is measured using the real interest rate method during the lease term and recognized as current financing lease revenue. Contingent rents are included in current profits and losses when they actually occur.

## 24. Government Subsidies

A government subsidy means the monetary or non-monetary assets obtained free by the Company from the government, but excluding the capital invested by the government as the investor with corresponding owner's equity. Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income. Government subsidy that is obtained by this Company used for purchasing or acquisition and construction, or forming the long-term assets by other ways, which is confirmed the government subsidy related to assets; Other government subsidies shall be defined as the government subsidy that related with interest. If it does not clear the subsidy object in the government document, the grants will be divided based on the following modes into government subsidy related to earnings and government subsidy related to assets: (1) If the particular project of the grants is clear in the government document, make a division according to the relative proportion of expense amount of the formed assets in the budget of the particular project and the expense amount included in the cost, shall review the division ratio required at each balance sheet date and make changes if necessary; (2) Only make general statements for the application in the government document, for not specifying the particular item, as the governmental subsidy related to earnings. If a government subsidy is a monetary asset, it shall be measured

in the light of the received or receivable amount. If a government subsidy is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount. The government subsidies measured at their nominal amounts shall be directly included in the current profits and losses.

When this Company actually received the government subsidy, recognize and measure as the actual measured amount.

If the government grants related to assets are recognized as deferred income and are included in the profits and losses by installments in a reasonable and systematic way within the service life of underlying assets. The government grants related to income, using to compensate the relevant expenses or losses in the later period shall be recognized as the deferred income and are included in the current profit or loss in the period of confirming the related expenses or losses; If the government grant is used for compensating the occurred costs or loss, include it in the current profit and loss directly.

At the same time, for the government subsidies related to assets and profits, carry out different accounting processing for different parts; for the governmental subsidy hard to differentiate, the overall governmental subsidies are taken as the governmental subsidy related to revenue.

The government grants related to daily activities of this Company shall be included in other revenues or offset related costs according to the economic business nature; Government subsidies unrelated to daily activities shall be included into the non-operating profits.

If the governmental subsidies confirmed needs to be returned and there is the deferred earnings balance concerned, the book balance of relevant deferred earnings shall be offset against, but the excessive part shall be included into current profits and losses; Government subsidies belonging to other situations shall be directly included into current losses and profits.

## **25. Deferred Income Tax Assets/Deferred Income Tax Liabilities**

### **(1) Income tax of the current period**

On the balance sheet date, for the current income tax liabilities (or assets) of the current period as well as the part formed during the previous period, should be measured by the income tax of the estimated payable (returnable) amount which be calculated according to the regulations of the tax law. The amount of the income tax payable which is based by the calculation of the current income tax expenses, are according to the result measured from the corresponding adjustment of the pre-tax accounting profit of 2014 which in accord to the relevant regulations of the tax law.



## (2) Deferred income tax assets and deferred income tax liabilities

The difference between the carrying value of certain assets and liabilities and their tax assessment basis, as well as the temporary difference occurs from the difference between the carrying value of the items which not be recognized as assets and liabilities but could confirm their tax assessment basis according to the regulations of the tax law, the deferred income tax assets and the deferred income tax liabilities should be recognized by adopting liabilities law of the balance sheet.

No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill, the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). Besides, no deferred tax assets is recognized for the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises, and the investing enterprise can control the time of the reverse of temporary differences as well as the temporary differences are unlikely to be reversed in the excepted future. Otherwise, the Company should recognize the deferred income tax liabilities arising from other taxable temporary difference.

No deferred taxable assets should be recognized for the deductible temporary difference of initial recognition of assets and liabilities arising from the transaction which is not business combination, the accounting profits will not be affected, nor will the taxable amount or deductible loss be affected at the time of transaction. Besides, no deferred taxable assets should be recognized for the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises, which are not likely to be reversed in the expected future or is not likely to acquire any amount of taxable income tax that may be used for making up such deductible temporary differences. Otherwise, the Company shall recognize the deferred income tax assets arising from a deductible temporary difference basing on the extent of the amount of the taxable income that is likely to be acquired to make up such deductible temporary differences

For any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax asset shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The carrying value of deferred income tax assets shall be reviewed at each balance sheet date. If it is unlikely to obtain sufficient taxable income to offset against the benefit of the deferred income tax asset, the carrying value of the deferred income tax assets shall be written down. Any such write-down should be subsequently reversed where it becomes probable that sufficient taxable income will be available.

### (3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

The rest current income tax and the deferred income tax expenses or revenue should be included into current gains and losses except for the current income tax and the deferred income tax related to the transaction and events that be confirmed as other comprehensive income or be directly included in the shareholders' equity which should be included in other comprehensive income or shareholders' equity as well as the carrying value for adjusting the goodwill of the deferred income tax occurs from the business combination.

### (4) Offset of income tax

The current income tax assets and liabilities of the Company should be listed by the written-off net amount which intend to executes the net amount settlement as well as the assets acquiring and liabilities liquidation at the same time while owns the legal rights of settling the net amount.

The deferred income tax assets and liabilities of the Company should be listed as written-off net amount when having the legal rights of settling the current income tax assets and liabilities by net amount and the deferred income tax and liabilities is relevant to the income tax which be collected from the same taxpaying bodies by the same tax collection and administration department or is relevant to the different taxpaying bodies but during each period which there is significant reverse of the deferred income assets and liabilities in the future and among which the involved taxpaying bodies intend to settle the current income tax and liabilities by net amount or are at the same time acquire the asset as well as liquidate the liabilities.

## **26. Financing Leasing**

Financing leasing virtually transferred the whole risks and leasing of the compensation related to the assets ownership and their ownership may eventually be transferred or maybe not. Other leasing except for the financing leasing is operating leasing.

### (1) Business of operating leases recorded by the Company as the lessee

The rent expenses from operating leases shall be recorded by the lessee in the relevant asset

costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs shall be recognized as the profits and losses of the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(2) Business of operating leases recorded by the Company as the lessor

The rent incomes from operating leases shall be recognized as the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs of great amount shall be capitalized when incurred, and be recorded into current profits and losses in accordance with the same basis for recognition of rent incomes over the whole lease term. The initial direct costs of small amount shall be recorded into current profits and losses when incurred. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(3) Business of finance leases recorded by the Company as the lessee

On the lease beginning date, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. Besides, the initial direct costs directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value of the current period. The balance through deducting unrecognized financing charges from the minimum lease payments shall be respectively stated in long-term liabilities and long-term liabilities due within 1 year.

Unrecognized financing charges shall be adopted by the effective interest rate method in the lease term, so as to calculate and recognize current financing charges. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(4) Business of finance leases recorded by the Company as the lessor

On the beginning date of the lease term, the Company shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time. The balance between the sum of the minimum lease receipts, the initial direct costs and the unguaranteed residual value and the sum of their present values shall be recognized as unrealized financing income. The balance through deducting unrealized financing incomes from the finance lease accounts receivable shall be respectively

stated in long-term claims and long-term claims due within 1 year.

Unrecognized financing incomes shall be adopted by the effective interest rate method in the lease term, so as to calculate and recognize current financing revenues. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

## **27. Other Main Accounting Policies and Estimates**

### **(1) Termination of operation**

Termination of operation refers to a separately identifiable constituent part that satisfies one of the following conditions that has been disposed of by the Company or is classified as held-for-sale: ① This constituent part represents an independent main business or a separate main business area; ② This constituent part is part of an associated plan that is intended to be disposed of in an independent main business or a separate major business area; ③ This constituent part is a subsidiary that is specifically acquired for resale.

For accounting method of termination of operation, please refer to relevant description of Notes IV. 12 “Assets held for sale and disposal group”

### **(2) Hedging Accounting**

To avoid certain risks, the Company carries out hedging of some financial instruments as hedging tools. The Company treats hedging that meets specified conditions using hedging accounting method. The Company's hedging is fair value hedging, and treats the hedging of foreign exchange risk with definite undertaking at fair value. At the beginning of hedging, the Company records the relationship between hedging tools and hedged items, risk management objectives and strategies for different hedging transactions. In addition, at the beginning and after the hedging, the Company conducts continuous evaluation of the effectiveness of hedging to check whether the hedging is highly effective during the accounting period in which the hedging relationship is designated.

Fair value hedging is a qualified derivative instrument designated for fair value hedging, and the gains or losses resulting from its changes in fair value are included in the current profits and losses. The gains or losses of the hedged items due to hedged risks are also included in the current profits and losses, and the carrying value of the hedged items is also adjusted. When the Company cancels the designation of hedging relationship, the hedging instrument expires or is sold, the contract is terminated or exercised, or the conditions are no longer satisfied, the use of hedging accounting is terminated.

## **28. Changes in Main Accounting Policies and Estimates**

### **(1) Changes of accounting policies**

The Ministry of Finance issued the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments (revised in 2017) (CK [2017]No.7), Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets (revised in 2017) (CK[2017]No.8), and Accounting Standards for Business Enterprises No.24-Hedge Accounting (revised in 2017) (CK[2017]No.9) on 31 March 2017, and issued the Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (revised in 2017) (CK[2017]No.14) on 2 May 2017(collectively referred to as “New Financial Instruments Standards”). Enterprises domestically listed are required to implement the New Financial Instrument Standards since 1 January 2019.

Approved on the 7<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors of the Company and the Company starts to implement aforesaid New Financial Instrument Standards since 1 January 2019.

All financial assets confirmed pursuant to New Financial Instrument Standards shall be measured as per the amortized cost or fair value subsequently. On the execution date of New Financial Instrument Standards, the business model of financial assets is evaluated and managed on the basis of existing fact and condition of the Company on that day and the contractual cash flow characteristics of the financial assets are evaluated on the basis of the fact and condition upon the initial recognition of financial assets. The financial assets are divided into three categories: The financial assets measured as per the amortized costs, measured as per the fair value with the change included in other comprehensive incomes, measured as per the fair value with the change included in the current profit and loss. Wherein, for the equity instrument investment measured as per the fair value with change included in other comprehensive incomes, when such financial assets carry out the derecognition, the accumulative gains or loss included in other comprehensive incomes previously will be transferred to the retained earnings from other comprehensive incomes and aren't included in the current profit and loss.

Pursuant to New Financial Instrument Standards, the Company, on the basis of expected credit loss, calculates and withdraws the impairment reserve of the financial assets measured at the amortized cost, the debt instrument investment measured at fair value with change included in other comprehensive incomes, the lease receivables, contract assets and financial guarantee contract, and confirms the credit impairment loss.

The Company traces and applies the New Financial Instrument Standards, and may not conduct the restatement to the inconsistency between the previous comparative financial statement data involved in the classification and measurement (including the impairment) and New Financial Instrument Standards. Therefore, for the cumulative impact of the

standard implementation for the first time, the Company adjusts the retained earnings or other comprehensive income at the beginning of 2019 and the amount of other related items in the financial statements, and the financial statements prior years were not restated.

The impacts on the Company due to the implementation of the New Financial Instrument Standards are as follows:

① Comparative Statements of Classification and Measurement of Financial Instruments before and after the First Execution Date

A. Influence on Consolidated Financial Statements

| 31 December 2018 (before adjustment)                  |   |                  | 1 January 2019 (after adjustment)       |   |                  |
|---|---|------------------|---|---|------------------|
| Item  | Measurement category  | Carrying value   | Item                                    | Measurement category  | Carrying value   |
| Monetary capital                                      | Amortized cost  | 4,348,144,129.53 | Monetary capital                        | Amortized cost  | 4,348,144,129.53 |
| Financial assets at fair value through profit or loss | Measured at fair value and changes thereof recorded into the current profit or loss | 5,464,984.92     | Trading financial assets                | Measured at fair value and changes thereof recorded into the current profit or loss | 5,464,984.92     |
| Notes receivable                                      | Amortized cost  | 3,329,711,954.15 | Notes receivable                        | Amortized cost  | 3,136,050,327.88 |
|   |   |                  | Financing backed by accounts receivable | Measured at fair value and changes thereof recorded into other comprehensive income | 193,661,626.27   |
| Accounts receivable                                   | Amortized cost  | 4,458,053,586.42 | Accounts receivable                     | Amortized cost  | 4,457,458,904.32 |
|   |   |                  | Financing backed by accounts receivable | Measured at fair value and changes thereof recorded into other comprehensive income | -                |
| Other receivables                                     | Amortized cost  | 406,196,649.48   | Other receivables                       | Amortized cost  | 403,907,076.96   |
| Available-for-sale financial                          | Amortized cost  | 633,664,881.33   | Trading financial assets                | Measured at fair value and changes  | 61,494,666.97    |

|  |   |                |                               |   |                |
|--|---|----------------|-------------------------------|---|----------------|
| assets   |   |                |                               | thereof recorded into the current profit of loss                                    |                |
|  |   |                |                               | Other equity instruments investment   | 23,940,214.36  |
|  |   |                |                               | Other non-current financial assets  | 548,230,000.00 |
| Long-term receivables                                      | Amortized cost  | 390,793,038.05 | Long-term receivables         | Amortized cost  | 390,793,038.05 |
| Financial liabilities at fair value through profit or loss | Measured at fair value and changes thereof recorded into the current profit or loss | 2,459,603.25   | Trading financial liabilities | Measured at fair value and changes thereof recorded into the current profit or loss | 2,459,603.25   |

## B. Influence on the Company's Financial Statements

| 31 December 2018 (before adjustment)                  |   |                  | 1 January 2019 (after adjustment) |   |                  |
|---|---|------------------|-----------------------------------|---|------------------|
| Item  | Measurement category                          | Carrying value   | Item                              | Measurement category  | Carrying value   |
| Monetary capital                                      | Amortized cost                                | 2,124,335,536.69 | Monetary capital                  | Amortized cost  | 2,124,335,536.69 |
| Financial assets at fair value through profit or loss | Measured at fair value through profit or loss | 5,464,984.92     | Trading financial assets          | Measured at fair value and changes thereof recorded into the current profit or loss | 5,464,984.92     |
| Notes receivable                                      | Amortized cost                                | 2,181,466,683.90 | Notes receivable                  | Amortized cost  | 2,181,166,683.90 |
|   |   | 7,427,246,429.42 | Financing backed by accounts      | Measured at fair value and changes  | 300,000.00       |

|  |   |                  |   |   |                  |
|--|---|------------------|---|---|------------------|
|  |   |                  | receivable                              | thereof recorded into other comprehensive income                                    |                  |
| Accounts receivable  | Amortized cost  | 6,661,693,463.33 | Accounts receivable                     | Amortized cost  | 7,426,742,836.53 |
|  |   |                  | Financing backed by accounts receivable | Measured at fair value and changes thereof recorded into other comprehensive income | -                |
| Other receivables  | Amortized cost  | 326,164,881.33   | Other receivables                       | Amortized cost  | 6,660,069,551.06 |
| Available-for-sale financial assets                        | Amortized cost  | 2,459,603.25     | Trading financial assets                | Measured at fair value and changes thereof recorded into the current profit of loss | 61,494,666.97    |
|  |   |                  | Other equity instruments investment     | Measured at fair value and changes thereof recorded into other comprehensive income | 14,440,214.36    |
|  |   |                  | Other non-current financial assets      | Measured at fair value and changes thereof recorded into the current profit of loss | 250,230,000.00   |
| Financial liabilities at fair value through profit or loss | Measured at fair value and changes thereof recorded into the current profit or loss | 2,459,603.25     | Trading financial liabilities           | Measured at fair value and changes thereof recorded into the current profit or loss | 2,459,603.25     |

②Reconciliation Statements on Adjustment of Carrying Value of Original Financial Instruments to that of New Financial Instruments Classified and Measured in Accordance with New Financial Instruments Standards on the First Execution Date

#### A. Influence on Consolidated Financial Statements

| Item | 31 December 2018<br>(before adjustment) | Reclassified | Remeasured | 1 January 2019<br>(after adjustment) |
|------|---|--------------|------------|--------------------------------------|
|------|---|--------------|------------|--------------------------------------|



|  |                  |                |              |                  |
|--|------------------|----------------|--------------|------------------|
| Amortized cost:  |                  |                |              |                  |
| Notes receivable   | 3,329,711,954.15 |                |              |                  |
| Less: transferred to the item that measured at fair value and changes thereof recorded into other comprehensive income (financing backed by accounts receivable) |                  | 193,661,626.27 |              |                  |
| Balance presented according to new financial instruments standards   |                  |                |              | 3,136,050,327.88 |
| Accounts receivable  | 4,458,053,586.42 |                |              |                  |
| Remeasurement: provision for expected credit losses  |                  |                | 594,682.10   |                  |
| Balance presented according to new financial instruments standards   |                  |                |              | 4,457,458,904.32 |
| Other receivables  | 406,196,649.48   |                |              |                  |
| Remeasurement: provision for expected credit losses  |                  |                | 2,289,572.52 |                  |
| Balance presented according to new financial instruments standards   |                  |                |              | 403,907,076.96   |
| Trading financial assets   |                  |                |              |                  |
| Add: transferred from financial assets at fair value through profit or loss (classified according to original standards)   |                  | 5,464,984.92   |              |                  |
| Balance presented according to new financial instruments standards   |                  |                |              | 5,464,984.92     |
| Available-for-sale   | 633,664,881.33   |                |              |                  |

|   |   |                |   |                |
|---|---|----------------|---|----------------|
| financial assets  |   |                |   |                |
| Less: transferred to the item measured at fair value and changes thereof recorded into the current profit or loss             |   | 609,724,666.97 |   |                |
| Less: transferred to the item measured at fair value and changes thereof recorded into other comprehensive income             |   | 23,940,214.36  |   |                |
| Balance presented according to new financial instruments standards  |   |                |   | -              |
| Measured at fair value and changes thereof recorded into other comprehensive income:  | - |                |   |                |
| Financing backed by accounts receivable   | — |                |   |                |
| Transferred from notes receivable   |   | 193,661,626.27 |   |                |
| Balance presented according to new financial instruments standards  |   |                | - | 193,661,626.27 |
| Trading financial liabilities   | - |                |   |                |
| Add: transferred from financial liabilities at fair value through profit or loss (classified according to original standards) |   | 2,459,603.25   |   |                |
| Balance presented according to new financial instruments standards  |   |                |   | 2,459,603.25   |

## B. Influence on the Company's Financial Statements

| Item   | 31 December 2018<br>(before adjustment) | Reclassified | Remeasured   | 1 January 2019<br>(after adjustment) |
|--|---|--------------|--------------|--------------------------------------|
| Amortized cost:  |   |              |              |                                      |
| Notes receivable   | 2,181,466,683.90                        |              |              |                                      |
| Less: transferred to the item that measured at fair value and changes thereof recorded into other comprehensive income (financing backed by accounts receivable) |   | 300,000.00   |              |                                      |
| Balance presented according to new financial instruments standards   |   |              |              | 2,181,166,683.90                     |
| Accounts receivable  | 7,427,246,429.42                        |              |              |                                      |
| Remeasurement: provision for expected credit losses  |   |              | 503,592.89   |                                      |
| Balance presented according to new financial instruments standards   |   |              |              | 7,426,742,836.53                     |
| Other receivables  | 6,661,693,463.33                        |              |              |                                      |
| Remeasurement: provision for expected credit losses  |   |              | 1,623,912.27 |                                      |
| Balance presented according to new financial instruments standards   |   |              |              | 6,660,069,551.06                     |
| Trading financial assets   |   |              |              |                                      |
| Add: transferred from financial assets at fair value through profit or loss (classified according to original standards)   |   | 5,464,984.92 |              |                                      |
| Balance presented according to new   |   |              |              | 5,464,984.92                         |

|   |                |                |   |              |
|---|----------------|----------------|---|--------------|
| financial instruments standards   |                |                |   |              |
| Available-for-sale financial assets   | 326,164,881.33 |                |   |              |
| Less: transferred to the item measured at fair value and changes thereof recorded into the current profit or loss             |                | 311,724,666.97 |   |              |
| Less: transferred to the item measured at fair value and changes thereof recorded into other comprehensive income             |                | 14,440,214.36  |   |              |
| Balance presented according to new financial instruments standards  |                |                |   | -            |
| Measured at fair value and changes thereof recorded into other comprehensive income:  |                |                |   |              |
| Financing backed by accounts receivable   | —              |                |   |              |
| Transferred from notes receivable   |                | 300,000.00     |   |              |
| Balance presented according to new financial instruments standards  |                |                | - | 300,000.00   |
| Trading financial liabilities   | —              |                |   |              |
| Add: transferred from financial liabilities at fair value through profit or loss (classified according to original standards) |                | 2,459,603.25   |   |              |
| Balance presented according to new financial instruments standards  |                |                |   | 2,459,603.25 |

standards

### ③ Reconciliation Statements on Provision for Financial Assets Impairment on the First Execution Date

#### A. Influence on Consolidated Financial Statements

| Measurement category  | 31 December 2018<br>(before adjustment) | Reclassified   | Remeasured   | 1 January 2019<br>(after adjustment) |
|---|---|----------------|--------------|--------------------------------------|
| Amortized cost:   |   |                |              |                                      |
| Provision for impairment of notes receivable                    |   |                |              |                                      |
| Provision for impairment of accounts receivable                 | 414,925,927.88                          | -              | 594,682.10   | 415,520,609.98                       |
| Provision for impairment of other receivables                   | 213,129,067.76                          | -              | 2,289,572.52 | 215,418,640.28                       |
| Provision for impairment of available-for-sale financial assets | 10,747,785.64                           | -10,747,785.64 | -            | -                                    |

#### B. Influence on the Company's Financial Statements

| Measurement category  | 31 December 2018<br>(before adjustment) | Reclassified  | Remeasured   | 1 January 2019<br>(after adjustment) |
|---|---|---------------|--------------|--------------------------------------|
| Amortized cost:   |   |               |              |                                      |
| Provision for impairment of accounts receivable                 | 246,549,012.31                          | -             | 503,592.89   | 247,052,605.20                       |
| Provision for impairment of other receivables                   | 187,825,380.06                          | -             | 1,623,912.27 | 189,449,292.33                       |
| Provision for impairment of available-for-sale financial assets | 4,997,785.64                            | -4,997,785.64 | -            | -                                    |

#### (2) Change of accounting estimates

There was no any change of accounting estimate of the Company in the Reporting Period.

### 29. Critical Accounting Judgments and Estimates

Due to the inside uncertainty of operating activity, the Company needed to make judgments, estimates and assumption on the carrying value of the accounts without accurate measurement during the employment of accounting policies. And these judgments, estimates and assumption were made basing on the prior experience of the senior executives of the

Company, as well as in consideration of other factors. These judgments, estimates and assumption would also affect the report amount of income, costs, assets and liabilities, as well as the disclosure of contingent liabilities on balance sheet date. However, the uncertainty of these estimates was likely to cause significant adjustment on the carrying value of the affected assets and liabilities.

The Company would check periodically the above judgments, estimates and assumption on the basis of continuing operation. For the changes in accounting estimates only affected on the current period, the influence should be recognized at the period of change occurred; for the changes in accounting estimates affected the current period and also the future period, the influence should be recognized at the period of change occurred and future period.

On the balance sheet date, the Company needed to make judgments, estimates and assumption on the accounts in the following important items:

#### (1) Revenue Recognition - Construction Contract

If the construction contract results can be reliably estimated, the Company adopts the method of completion percentage to confirm the contract income on the balance sheet date. The percentage of contract completion is confirmed in accordance with the method described in Note IV, 233, Revenue, and is cumulatively calculated in each fiscal year in which each construction contract is executed.

Significant judgment is required in determining the percentage of completion, contract costs incurred, estimated total contract income and total cost, and contract recyclability, and the project management personnel usually make judgments mainly based on past experience and work. The estimated total contract income and total cost, as well as estimated changes in contract execution results, may have an impact on operating income, operating costs, and profit or loss for the current or subsequent period of the change, and may have a significant impact.

#### (2) Categorization of leasing

In accordance with Accounting Standards for Enterprises No. 21 – Leasing, the Company categorized the leasing into operating lease and finance lease. During the categorization, the management level needed to make analysis and judgment on whether all the risk and compensation related with the leased assets had been transferred to the lessee, or whether the Company had already undertaken all the risk and compensation related with the leased assets.

#### (3) Financial assets impairment

If the Company adopts the expected credit loss model to evaluate financial instrument impairment, it's necessary to make significant judgments and estimates on the expected credit loss model, and all reasonable and well-founded information needs to be taken into account, including forward-looking information. When such judgments and estimates are made, the expected changes in the debtor's credit risk are inferred based on historical data in combination with economic policies, macroeconomic indicators, industry risks, external market conditions, technological environment, and changes in customer circumstances.

#### (4) Provision for falling price of inventories

In accordance with the accounting policies of inventories, for the inventories that the costs were more than the net realizable value as well as out-of-date and dull-sale inventories, the Company withdrawn the provision for falling price of inventories on the lower one between costs and net realizable value. Evaluating the falling price of inventories needed the management level gain the valid evidence and take full consideration of the purpose of inventories, influence of events after balance sheet date and other factors, and then made relevant judgments and estimates. The actual amount and the difference of previous estimates would affect the carrying value of inventories and the withdrawal and reversal on provision for bad debts of inventories during the period of estimates being changed.

#### (5) The fair value of financial instrument

For the financial instruments without active market, the Company recognized the fair value by various methods. These evaluation methods included discounted cash flow mode analysis, etc. The Company needed to estimate the future cash flow, credit risk, fluctuation rate of market and relativity and other factors, as well as choose the property discount rate. Due to the uncertainty of relevant assumptions, so their changes would affect the fair value of financial instrument.

For equity instrument investment or contracts with public offers, the cost will not be taken as the optimal estimation of the fair value by the Company since 1 January 2019.

#### (6) Provision for impairment of long-term assets

The Company made a judgment on the non-current assets other than financial assets whether they had any indication of impairment on the balance sheet date. For the intangible assets without finite service life, other than the annual impairment test, they should be subject to the impairment test when there was any indication of impairment. For other non-current non-financial assets, which should be subjected to impairment test when there was indication of impairment indicated that the carrying value can't be recoverable.

When the carrying value of the assets or assets portfolio was more than the recoverable

amount, which was the higher one between the net amount of fair value after deducting the disposal expenses and the discounted amount of the estimated future cash flow, it means impairment incurred.

The net amount of fair value after deducting the disposal expenses should be fixed the price in the sale agreement for similar assets in the fair transaction minus the increased costs directly attributable to the assets disposal.

When estimated the discounted value of future cash flow, the Company needed to make important judgment on the output, selling price, relevant costs and the discount rate for calculating the discounted amount, etc. When estimated the recoverable amount, the Company would adopt all the available documents, including the prediction for relevant output, selling price and relevant operating costs arising from reasonable and supportive assumptions.

The Company made the impairment test on goodwill at least one time per year, which required to predict the discounted amount of the future cash flow of the assets or assets portfolio with the distributed good will, for which, the Company needed to predict the future cash flow of the assets or assets portfolio, and adopt the property discounted rate to decide the discounted amount of future cash flow.

#### (7) Depreciation and amortization

For the investment real estate, fixed assets and intangible assets, the Company withdrew the depreciation and amortization by adopting the straight-line method during the service life after full consideration of the salvage value. The Company checked the service life periodically so as to decide the amount of depreciation and amortization at each Reporting Period. The service life was fixed by the Company in accordance with the previous experience of the similar assets and the expected technical update. If there was any significant change on the previous estimates, the depreciation and amortization expenses should be adjusted.

#### (8) Deferred income tax assets

Within the limit that it was likely to have sufficient taxable profits to offset the losses, the Company recognized the deferred income tax assets by all the unused tax losses, which needed the management level of the Company to estimate time and amount of the future taxable profits incurred with many judgments, as well as integrate strategy of tax payment, to decide the amount of deferred income tax assets which should be recognized.

#### (9) Income tax



During the routine operating activities, there were some uncertainty in the ultimate tax treatment and calculation for parts of transactions. Some accounts of such transaction could be listed as pre-tax expenditures only after the approval of taxation authorities. If there were any differences between the ultimate result of recognition for these taxation matters and their initial estimates, the differences would affect the current income tax and deferred income tax at the period of ultimate recognition.

#### (10) Internal early retirement welfare and supplementary retirement welfare

Amounts of expenditures and liabilities of internal early retirement welfare and supplementary retirement welfare should be determined according to assumption terms. Assumption terms include discount rate, average growth rate of medical costs, growth rate of subsidies for early retirement employees and retirees and other factors. The differences of actual results and assumption should be confirmed immediately and included into costs of current year. Although the management have adopted reasonable assumption terms, changes of actual experience value and assumption terms may affect the internal early retirement welfare, supplementary retirement benefits and balance of liabilities.

#### (11) Provisions

The Company made the estimation on product quality guarantee, predicted loss of contract and the fine for delayed delivery etc. and withdrew the relevant provision for provisions in accordance the provisions of contract, current knowledge and experience. Under the condition that the contingent event has formed a current duty and fulfilling the duty is likely to cause the economical interest outflow the Company, the Company measures the provisions in accordance with the best estimate of the necessary expenses for the performance of the current duty. The recognition and measurement of provisions were heavily relied on the judgment of the management team. During the process of making judgment, the Company needed to appraise the relevant risks, uncertainty and the time value of money and etc.

Of which, the Company estimated the liabilities basing on the after-sale services commitments to the customers upon the sale, repair and reform of goods. When estimating the liabilities, the Company has fully taken the consideration of the latest repair experience, but which may not reflect the repair situation in the future. Any increase / decrease of the provision for estimated liabilities may affect the profits and losses in the future periods.

#### (12) Measurement for fair value

Some assets and liabilities of this Company will be measured at fair value in the financial statements. The board of directors of this Company has established the appraisal committee (led by the CFO of this Company) to confirm appropriate appraisal

technology and input value for measurement of fair value. This Company will apply available and observable market data during estimating the fair value of some assets and liabilities. If the input value in Level 1 is not available, this Company will entrust a third qualified appraiser for the estimation. The appraisal committee will closely cooperate with the outside appraiser to determine proper estimation technology and input values of the related models. CFO submits a report to the discoveries of the appraisal committee to the board of directors of this Company to explain the reasons of fluctuation of fair value of related assets and liabilities. Related information of the appraisal technology and input value during the process of confirming the fair value of various assets and liabilities shall be disclosed in Note X.

## V. Taxation

### 1. Main Taxes and Tax Rate

| Category of taxes                      | Specific situation of the taxes rate  |
|--|---|
| VAT                                    | Calculated the output tax at 3%, 5%, 6%, 9%, 10%, 13%, 16% and paid the VAT by the amount after deducting the deductible withholding VAT at current period, of which the VAT applicable to easy collection won't belong to the deductible withholding VAT.  |
| Urban maintenance and construction tax | Paid at 7% of the circulating tax actually paid, of which Dongguan Packing, Dongguan Konka, Boluo Konka, Boluo Konka Precision, Chengdu Anren, XingDa HongYe, Shanghai Xinfeng, Xinfeng Microcrystalline, Binzhou Weiyijie, Beihai Jingmai, Binzhou Econ, Suining Pengxi Kangrun Environment Management Co., Ltd., Dayi Kangrun Water Co., Ltd. of 5%. Subei Mongol Autonomous County Kangrun Water Co., Ltd. paid by half after paid of 5%, and Jiangxi Konka and Nano Crystallized Glass of 1%.   |
| Enterprise income tax                  | For Hong Kong Konka, Konka Household Appliances Investment, Konka Household Appliances International Trading, Konka Zhisheng, Jiali International, Jiabin Technology, Kangjietong, Chain Kingdom Memory Technologies and Konka Mobility whose assessable profit did not exceed HKD2,000,000.00, they paid at 8.25%, and if their assessable profit exceeded HKD2,000,000.00, they paid at 16.5%; Telecommunication Technology, Wankaida, Jiangxi Konka, Nano Crystallized Glass, Dongguan Konka, Econ Technology, E2info and XingDa HongYe of 15%; and Europe Konka of 31.8% including income tax of 15% and business tax of 16.8%. The Company as the parent and other subsidiaries paid at 25% of the taxable income. |
| Education surtax                       | Paid at 3% of the circulating tax actually paid.  |
| Local education surtax                 | Paid at 2% of the circulating tax actually paid. Shanghai Konka paid at 1%.   |

Note: (1) The original tax rate applied by the Company on VAT taxable sales or imported goods was 17%/11%. According to the Circular of the Ministry of Finance and the State Administration of Taxation on the Adjustment of VAT Tax Rate (CS [2018] No. 32), the

applicable tax rate is adjusted to 16%/10%, being effective from 1 May 2018.

(2) In accordance with the Notice on Printing the Administration Method on Charging and Use of the Treatment Funds of Discarded Electronic Appliance and Electric Products issued by the Ministry of Finance, Ministry of Environmental Protection, National Development and Reform Commission, Ministry of Industry and Information, General Administration of Customs and National Taxation Bureau (CZ [2012] No. 34), and the Administration Method on Charging and Use of the Treatment Funds of Discarded Electronic Appliance and Electric Products issued by National Taxation Bureau (GJSWZJGG [2012] No. 41), the domestic manufacturer of the electrical appliances and electronic products of PRC started to pay the treatment funds for discarded electrical appliance and electronic products according the sales volume (trusted processing amount) and relevant charging standards from 1 July 2012. According to the regulations, the Group's charging standards were RMB13 per set of TV, RMB12 per set of refrigerator and RMB7 per set of washing machine.

(3) According to regulations of Temporary Provisions of Income Tax of Trans-boundary Tax Payment Enterprises by State Administration of Taxation, resident enterprises without business establishment or places of legal persons should be tax payment enterprises with the administrative measures of income tax of "unified computing, level-to-level administration, local prepayment, liquidation summary, and finance transfer". It came into force from 1 January 2008. According to the above methods, the Company's sales branch companies in each area will hand in the corporate income taxes in advance from 1 January 2008 and will be final settled uniformly by the Company at the year-end.

(4) According to Notice on Implementing the Inclusive Taxation Reducing Policy among the Small and Micro Businesses issued by the MOF and the State Administration of Taxation (CS[2019] No.13), from 1 January 2019 to 31 December 2021, for the annual taxable income not exceeding RMB 1 Million Yuan from the small businesses with little profit, only 25% shall be included as the taxable income and the corporate income tax shall be paid based on the 20% tax rate; if the annual taxable income exceeds RMB1 Million but is less than RMB3 Million, only 50% shall be included as the taxable income and the corporate income tax shall be paid based on the 20% tax rate.

## **2. Tax Preference and Approved Documents**

(1) On 15 August 2017, Shenzhen Konka Telecommunications Technology Co., Ltd., the subsidiary of this Company obtained the high-tech enterprise certificate (certificate No.: SZ20170142) jointly issued by Shenzhen Technology Innovation Committee, Finance Commission of Shenzhen Municipality, Shenzhen Municipal Office, SAT, Shenzhen Local

Taxation Bureau, with a valid period of three years. According to related taxation regulations, Shenzhen Konka Telecommunications Technology Co., Ltd. enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the preferential tax rate of 15%.

(2) On 31 October 2017, Wankaida, the subsidiary of this Company obtained the High-tech Enterprise Certificate (certificate No.: GR201744204716) joint issued by Shenzhen Technology Innovation Committee, Finance Committee of Shenzhen Municipality, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Bureau with a valid period of three years. According to related taxation regulations, Wankaida enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the referential tax rate of 15%.

(3) On 23 August 2017, Jiangxi Konka New Material Technology Co., Ltd., the subsidiary of this Company obtained the High-tech Enterprise Certificate (certificate No.: GR201736000497) jointly issued by Department of Science and Technology of Jiangxi Province, Department of Finance of Jiangxi Province, Jiangxi Provincial Office, SAT, Jiangxi Local Taxation Bureau with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the preferential tax rate of 15%.

(4) On 23 August 2017, Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd., the subsidiary of Jiangxi Konka obtained the High-tech Enterprise Certificate (certificate No.: GR201736000110) jointly issued by Department of Science and Technology of Jiangxi Province, Department of Finance of Jiangxi Province, Jiangxi Provincial Office, SAT, Jiangxi Local Taxation Bureau with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the preferential tax rate of 15%.

(5) On 1 November 2017, Dongguan Konka Electronic Co., Ltd., the subsidiary of this Company obtained the High-tech Enterprise Certificate (certificate No.: GR201744003812) jointly issued by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the preferential tax

rate of 15%.

(6) On 28 December 2017, Econ Technology, a subsidiary of the Company, obtained the High-tech Enterprise Certificate (certificate No.: GR201737001495) jointly issued by Department of Science and Technology of Shangdong Province, Department of Finance of Shangdong Province, Shangdong Provincial Office, SAT, Shangdong Local Taxation Bureau with a valid period of three years. According to the relevant tax regulations, the company enjoys related tax incentives for high-tech companies for three consecutive years from 2017 to 2019, and is subject to corporate income tax at a preferential rate of 15%.

(7) On 16 October 2018, Shenzhen E2info Network Technology Co., Ltd., the subsidiary of this Company obtained the high-tech enterprise certificate (certificate No.: GR201844201969) jointly issued by Shenzhen Technology Innovation Committee, Finance Committee of Shenzhen Municipality, Shenzhen Taxation Bureau of SAT with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2018 to 2020 and pays the enterprise income tax as per the preferential tax rate of 15%.

(8) On 28 November 2018, the Company's subsidiary XingDa HongYe received the High-tech Enterprise Certificate (No.GR201844008446 with the 3-year period of validity) jointly issued by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and State Administration of Taxation (Guangdong Provincial Tax Service). According to relevant tax regulations, from 2018 to 2020, the enterprise shall be eligible for enjoying relevant preferential tax policies as a new high-tech enterprise and corresponding corporate income tax shall be paid based on the preferential tax rate of 15%.

(9) According to the Notice on Promoting the Development of VAT, Business Tax and Enterprise Income Tax Policy for Energy-Saving Service Industry issued by the Ministry of Finance and the State Administration of Taxation (Finance and Taxation [2010] No. 110), Lairun Holdings, Binhai Sewage Treatment and Donggang Kangrun Environment Management Co., Ltd. enjoys the preferential policy of tax exemptions for three years and halved in next three years.

(10) According to the fiscal and taxation document [2011] No. 100 published by the Ministry of Finance and the State Administration of Taxation, for the VAT general taxpayers who sell their self-developed and produced software products, the VAT shall be levied at the rate of 13%, and then the part that the actual tax burden on their VAT exceeds 3 will be implemented with the policy of immediate withdrawal. The Company's subsidiaries, Wankaida

Technology and Electronics Technology all enjoy this preferential policy.

(11) According to the regulations of the Special Catalogue of VAT Concessions for Products and Labors with Comprehensive Utilization of Resources issued by the Ministry of Finance and the State Administration of Taxation (Finance and Taxation [2015] No. 78), the wastewater treatment business operated by Lairun Holdings, a subsidiary of Econ Technology, belongs to the this catalogue. Then after it has been levied the VAT at a rate of 13 %, the actual tax burden on the wastewater treatment income tax will be refunded in accordance with the 70% of the actual tax burden, and the actual tax burden on the renewable water income VAT will be refunded immediately at 50%. That Lairun Holdings enjoyed the tax concession was registered and recorded in 25 August 2017 in Laizhou Taxation Bureau of Shandong Province.

## VI. Notes on Major Items in Consolidated Financial Statements of the Company

Unless otherwise noted, the following annotation item (including the main items, annotation of the financial statement of the Company), the period-begin refers to 1 January 2019, the period-end refers to 30 June 2019; the Current Period/Reporting Period refers to H1 of 2019 and the same period of last year refers to H1 of 2018.

### 1. Monetary Capital

| Item                                      | Ending balance          | Beginning balance       |
|---|-------------------------|-------------------------|
| Cash on hand                              | 343,490.38              | 130,105.31              |
| Bank deposits                             | 4,700,902,044.15        | 3,434,019,376.41        |
| Other monetary capital                    | 969,021,586.02          | 913,994,647.81          |
| Total                                     | <b>5,670,267,120.55</b> | <b>4,348,144,129.53</b> |
| Of which: total amount deposited overseas | 166,232,584.79          | 518,005,414.06          |

Note: ① The ending balance of other monetary capital was fixed time deposit, various cash deposits which cannot be withdrawn at any time and other deposits with limitation on use. For details, refer to Note VI. 64. Assets with Restricted Ownership or Right of Use.

② As of 30 June 2019, the monetary capital deposited overseas by the Company was RMB166,232,584.79 (31 December 2018: RMB518,005,414.06).

### 2. Trading Financial Assets

| Item  | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Financial assets at fair value through profit or loss |                |                   |

|   |                      |                      |
|---|----------------------|----------------------|
| Including: Equity instrument investment | 61,494,666.97        | 61,494,666.97        |
| Other                                   |                      | 5,464,984.92         |
| <b>Total</b>                            | <b>61,494,666.97</b> | <b>66,959,651.89</b> |

### 3. Notes Receivable

#### (1) Notes Receivable Listed by Category

| Item                       | Ending balance          | Beginning balance       |
|----------------------------|-------------------------|-------------------------|
| Bank acceptance bill       | 1,681,552,756.81        | 2,313,409,006.75        |
| Commercial acceptance bill | 320,882,295.70          | 822,641,321.13          |
| <b>Total</b>               | <b>2,002,435,052.51</b> | <b>3,136,050,327.88</b> |

#### (2) Notes Receivable Pledged by the Company at the Period-end

| Item                 | Amount pledged at the end of the term |
|----------------------|---------------------------------------|
| Bank acceptance bill | 1,186,883,020.53                      |
| <b>Total</b>         | <b>1,186,883,020.53</b>               |

#### (3) Notes Receivable which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

| Item                 | Amount of recognition termination at the period-end | Amount not terminated recognition at the period-end |
|----------------------|---|---|
| Bank acceptance bill | 139,251,145.62                                      | -   |
| <b>Total</b>         | <b>139,251,145.62</b>                               | <b>-</b>  |

#### (4) Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement

| Item                       | Amount of the notes transferred to accounts receivable at the period-end |
|----------------------------|--|
| Commercial acceptance bill | 864,749,189.84   |
| <b>Total</b>               | <b>864,749,189.84</b>  |

### 4. Accounts Receivable

#### (1) Disclosed by Aging

| Aging           | Ending balance          |
|-----------------|-------------------------|
| Within 1 year   | 4,143,821,438.63        |
| 1 to 2 years    | 1,216,489,500.95        |
| 2 to 3 years    | 38,764,411.87           |
| 3 to 4 years    | 9,051,831.92            |
| Over 4 years    | 515,179,630.58          |
| <b>Subtotal</b> | <b>5,923,306,813.95</b> |

|                          |                         |
|--------------------------|-------------------------|
| Less: bad debt provision | 454,808,634.74          |
| <b>Total</b>             | <b>5,468,498,179.21</b> |

**(2) Listed by Withdrawal Methods for Bad Debt Provision**

| Category  | Ending balance          |                |                       |                           | Carrying value          |
|---|-------------------------|----------------|-----------------------|---------------------------|-------------------------|
|   | Carrying amount         |                | Bad debt provision    |                           |                         |
|   | Amount                  | Proportion (%) | Amount                | Withdrawal proportion (%) |                         |
| Accounts receivable, for which the independent provision for expected credit losses                       | 962,812,125.96          | 16.25          | 146,605,971.30        | 15.23                     | 816,206,154.66          |
| Accounts receivable, for which the provision for expected credit losses was withdrawn according to groups |                         |                |                       |                           |                         |
| Including: aging group  | 4,310,261,291.73        | 72.77          | 256,888,183.88        | 5.96                      | 4,053,373,107.85        |
| Project payment group   | 650,233,396.26          | 10.98          | 51,314,479.56         | 7.89                      | 598,918,916.70          |
| <b>Total</b>  | <b>5,923,306,813.95</b> | <b>100.00</b>  | <b>454,808,634.74</b> | <b>7.68</b>               | <b>5,468,498,179.21</b> |

(Continued)

| Category  | Beginning balance |                |                    |                           | Carrying value |
|---|-------------------|----------------|--------------------|---------------------------|----------------|
|   | Carrying amount   |                | Bad debt provision |                           |                |
|   | Amount            | Proportion (%) | Amount             | Withdrawal proportion (%) |                |
| Accounts receivable, for which the independent provision for expected credit losses | 1,028,107,560.50  | 21.10          | 138,652,163.88     | 13.49                     | 889,455,396.62 |



|   |                         |               |                       |             |                         |
|---|-------------------------|---------------|-----------------------|-------------|-------------------------|
| Accounts receivable, for which the provision for expected credit losses was withdrawn according to groups |                         |               |                       |             |                         |
| Including: aging group  | 3,209,444,955.09        | 65.86         | 228,358,351.11        | 7.12        | 2,981,086,603.98        |
| Project payment group   | 635,426,998.71          | 13.04         | 48,510,094.99         | 7.63        | 586,916,903.72          |
| <b>Total</b>  | <b>4,872,979,514.30</b> | <b>100.00</b> | <b>415,520,609.98</b> | <b>8.53</b> | <b>4,457,458,904.32</b> |

① Accounts receivable, for which, the independent provision for bad debt is made at the period-end

| Accounts receivable (by unit)   | Ending balance  |                    |                           |  |
|---|-----------------|--------------------|---------------------------|--|
|   | Carrying amount | Bad debt provision | Withdrawal percentage (%) | Withdrawal reason  |
| Shanghai Huaxin International Group Co., Ltd                                      | 300,027,889.84  | 30,002,788.98      | 10.00                     | Debt default   |
| Hongtu Santu High-tech Technology Co., Ltd.                                       | 200,000,000.00  | 10,000,000.00      | 5.00                      | Difficulty in working capital turnover and debt default    |
| Elion Resources Group Co., Ltd  | 115,000,000.00  | 5,750,000.00       | 5.00                      | Difficulty in working capital turnover for the counterpart |
| China Nuclear Engineering Construction Group Co., Ltd                             | 84,500,000.00   | 4,225,000.00       | 5.00                      | Difficulty in working capital turnover for the counterpart |
| No.1 Engineering Company Limited of CCCC First Harbor Engineering Company Limited | 65,221,300.00   | 6,522,130.00       | 10.00                     | Difficulty in working capital turnover for the counterpart |
| China Energy Electric Fuel Co., Ltd   | 50,000,000.00   | 5,000,000.00       | 10.00                     | Difficulty in working capital turnover for the counterpart |
| Tahoe Group Co. Ltd   | 50,000,000.00   | 2,500,000.00       | 5.00                      | Difficulty in working capital turnover for the counterpart |
| DSCHOLDINGSLIMITED  | 24,462,454.04   | 24,462,454.04      | 100.00                    | Difficult to recover for bankruptcy                        |
| H-BUSTERDOBRASILINDUSTRIA   | 18,907,586.44   | 18,907,586.44      | 100.00                    | Difficult to recover for bankruptcy                        |

|  |                       |                       |              |  |
|--|-----------------------|-----------------------|--------------|--|
| TreeviewBusinessRegistra<br>tion                     | 11,262,555.50         | 1,341,891.83          | 11.91        | Difficult to recover all               |
| HENAN BROADCAST<br>& TELEVISION<br>NETWORK CO., LTD. | 4,580,000.00          | 1,374,000.00          | 30.00        | Difficult to recover all               |
| HILEVELCONSUMERI<br>TALIAS.P.A                       | 3,548,995.63          | 3,548,995.63          | 100.00       | Difficult to recover for<br>bankruptcy |
| Other  | 35,301,344.51         | 32,971,124.38         | 93.40        | —                                      |
| <b>Total</b>   | <b>962,812,125.96</b> | <b>146,605,971.30</b> | <b>15.23</b> | —                                      |

② In the group, accounts receivable, for which, the provision for bad debt was made according to aging groups

| Item          | Ending balance          |                       |                              |
|---------------|-------------------------|-----------------------|------------------------------|
|               | Carrying amount         | Bad debt provision    | Withdrawal proportion<br>(%) |
| Within 1 year | 3,992,095,976.11        | 81,039,548.32         | 2.03                         |
| 1 to 2 years  | 151,935,952.49          | 11,197,679.70         | 7.37                         |
| 2 to 3 years  | 1,833,787.58            | 406,183.95            | 22.15                        |
| 3 to 4 years  | 415,093.97              | 264,290.33            | 63.67                        |
| Over 4 years  | 163,980,481.58          | 163,980,481.58        | 100.00                       |
| <b>Total</b>  | <b>4,310,261,291.73</b> | <b>256,888,183.88</b> | <b>5.96</b>                  |

③ In the group, accounts receivable, for which, the provision for bad debt was made according to project payment groups

| Item          | Ending balance        |                      |                              |
|---------------|-----------------------|----------------------|------------------------------|
|               | Carrying amount       | Bad debt provision   | Withdrawal proportion<br>(%) |
| Within 1 year | 436,255,337.94        | 21,812,766.90        | 5                            |
| 1 to 2 years  | 176,431,094.87        | 17,643,109.49        | 10                           |
| 2 to 3 years  | 34,818,909.77         | 10,445,672.93        | 30                           |
| 3 to 4 years  | 2,565,042.33          | 1,282,521.17         | 50                           |
| Over 4 years  | 163,011.35            | 130,409.07           | 80                           |
| <b>Total</b>  | <b>650,233,396.26</b> | <b>51,314,479.56</b> | <b>7.89</b>                  |

### (3) Bad Debt Provision

| Category | Beginning | Increase/decrease | Ending balance |
|----------|-----------|-------------------|----------------|
|----------|-----------|-------------------|----------------|

|   | balance        | Withdrawal    | Recovered or reversed | Other decrease |                |
|---|----------------|---------------|-----------------------|----------------|----------------|
| Accounts receivable, for which the independent provision for expected credit losses                       | 138,652,163.88 | 15,972,908.35 | 7,297,925.88          | 721,175.05     | 146,605,971.30 |
| Accounts receivable, for which the provision for expected credit losses was withdrawn according to groups |                |               |                       |                |                |
| Including: aging group  | 228,358,351.11 | 29,952,918.14 |                       | 1,423,085.37   | 256,888,183.88 |
| Project payment group   | 48,510,094.99  | 4,498,210.07  | 1,693,825.50          | -              | 51,314,479.56  |
| Total   | 415,520,609.98 | 50,424,036.56 | 8,991,751.38          | 2,144,260.42   | 454,808,634.74 |

Of which, bad debt provision recovered or reversed during the Reporting Period with significant amount

| Entity  | Amount recovered or reversed | Recovery method |
|---|------------------------------|-----------------|
| Jizhong Energy International Logistics Group Co., Ltd | 3,000,000.00                 | Collection      |
| Total   | 3,000,000.00                 | —               |

(4) Accounts Receivable without Actual Verification for the Reporting Period

(5) Top 5 of the Ending Balance of the Accounts Receivable Collected according to the Arrears Party

The total amount of top five of account receivable of ending balance collected by arrears party was RMB1,682,366,170.42, accounting for 28.40% of total closing balance of account receivable, the relevant ending balance of bad debt provision withdrawn was RMB68,289,781.16.

## 5. Financing Backed by Accounts Receivable

| Item             | Ending amount  |                      |                          |
|------------------|----------------|----------------------|--------------------------|
|                  | Cost           | Change in fair value | Fair value at period-end |
| Notes receivable | 107,299,247.91 |                      | 107,299,247.91           |
| Total            | 107,299,247.91 |                      | 107,299,247.91           |

## 6. Prepayments

### (1) List by Aging Analysis

| Aging         | Ending amount           |                |                     | Beginning amount        |                |                     |
|---------------|-------------------------|----------------|---------------------|-------------------------|----------------|---------------------|
|               | Carrying amount         |                | Bad debt provision  | Carrying amount         |                | Bad debt provision  |
|               | Amount                  | Proportion (%) |                     | Amount                  | Proportion (%) |                     |
| Within 1 year | 2,939,552,528.44        | 99.58          | 240,694.09          | 1,029,600,745.72        | 98.97          | 57,459.57           |
| 1 to 2 years  | 8,528,194.82            | 0.29           | 113,522.85          | 7,171,926.78            | 0.69           | 435,914.85          |
| 2 to 3 years  | 829,001.69              | 0.03           | -                   | 543,662.41              | 0.05           | -                   |
| Over 3 years  | 3,011,719.40            | 0.10           | 2,879,285.83        | 3,034,224.15            | 0.29           | 2,878,017.08        |
| Total         | <b>2,951,921,444.35</b> | <b>100.00</b>  | <b>3,233,502.77</b> | <b>1,040,350,559.06</b> | <b>100.00</b>  | <b>3,371,391.50</b> |

Notes: (1) Significant prepayment with aging more than 1 year was mainly the prepayment of companies with no cooperation.

(2) The total amount of top five of prepayment of ending balance collected by arrears party was RMB 818,482,404.96, accounting for 27.73% of total ending balance of prepayment.

(3) The withdrawal amount of bad debt provision this year was of RMB 217,172.46; the collected or reversed bad debt provision was RMB 357,050.05 for the Reporting Period; and there was no write-off bad debt provision; the increased amount was of RMB 1,988.86 due to changes in exchange rate.

## 7. Interest Receivable

| Item                | Ending balance      | Beginning balance   |
|---------------------|---------------------|---------------------|
| Fixed time deposits | 2,123,030.91        | 3,440,237.63        |
| Entrusted loans     | 61,111.11           | 48,888.89           |
| Factoring interest  | 570,555.88          | 570,555.88          |
| Total               | <b>2,754,697.90</b> | <b>4,059,682.40</b> |

**8. Dividends receivable**

| Item (or investees) | Ending balance    | Beginning balance |
|---------------------|-------------------|-------------------|
| Chongqing Qingjia   | 547,848.62        | 547,848.62        |
| <b>Total</b>        | <b>547,848.62</b> | <b>547,848.62</b> |

**9. Other Receivables**

## ① Listed by aging

| Aging                    | Ending balance          | Beginning balance     |
|--------------------------|-------------------------|-----------------------|
| Within 1 year            | 866,539,175.80          | 256,528,018.58        |
| 1 to 2 years             | 119,169,126.08          | 135,441,669.13        |
| 2 to 3 years             | 13,962,189.10           | 14,670,505.12         |
| 3 to 4 years             | 85,954,676.09           | 86,704,294.17         |
| 4 to 5 years             | 20,288,652.89           | 22,177,189.05         |
| Over 5 years             | 105,258,349.82          | 103,804,041.19        |
| <b>Subtotal</b>          | <b>1,211,172,169.78</b> | <b>619,325,717.24</b> |
| Less: bad debt provision | 223,508,385.89          | 215,418,640.28        |
| <b>Total</b>             | <b>987,663,783.89</b>   | <b>403,907,076.96</b> |

## ② Classified by Account Nature

| Nature                                     | Ending balance          | Beginning balance     |
|--|-------------------------|-----------------------|
| Energy-saving subsidies                    | 183,063,658.63          | 165,912,605.30        |
| Intercourse funds                          | 152,402,680.00          | 152,402,680.00        |
| Borrowings of related-parties              | 549,297,719.43          | 130,429,176.41        |
| Buyout financial service income receivable | 161,326,980.03          | 59,252,474.98         |
| Other external borrowings                  | 73,269,178.08           | 29,403,385.01         |
| Deposit and margin                         | 18,228,687.41           | 18,228,687.41         |
| Equity transferred money                   | 3,207,318.07            | 3,500,807.51          |
| Pretty cash                                | 70,375,948.13           | 60,195,900.62         |
| <b>Subtotal</b>                            | <b>1,211,172,169.78</b> | <b>619,325,717.24</b> |
| Less: bad debt provision                   | 223,508,385.89          | 215,418,640.28        |
| <b>Total</b>                               | <b>987,663,783.89</b>   | <b>403,907,076.96</b> |

## ③ Withdrawal of Bad Debt Provision

| Bad debt provision   | Phase I  | Phase II  | Phase III   | Total                 |
|--|--|---|---|-----------------------|
|  | Expected credit losses over the next 12 months | Expected credit losses for the entire duration (no credit impairment) | Expected credit losses for the entire duration (with credit impairment) |                       |
| Balance on 1 January 2019  | 41,911,687.09                                  |   | 173,506,953.19  | 215,418,640.28        |
| In the Reporting Period, Carrying amount of other receivables on 1 January 2019: |  |   |   |                       |
| ——Transferred to the Phase II  |  |   |   |                       |
| ——Transferred to the Phase III   |  |   |   |                       |
| ——Transferred back to the Phase II   |  |   |   |                       |
| ——Transferred back to the Phase I  |  |   |   |                       |
| Withdrawal   | 8,409,900.19                                   |   | 237,782.80  | 8,647,682.99          |
| Recovery   | 463,866.81                                     |   |   | 463,866.81            |
| Write-off  |  |   |   | -                     |
| Verification   |  |   |   | -                     |
| Other changes  | 94,070.57                                      |   |   | 94,070.57             |
| Balance on 30 June 2019  | <b>49,763,649.90</b>                           | -   | <b>173,744,735.99</b>   | <b>223,508,385.89</b> |

| Category  | Ending balance          |                |                       |                |                       |
|---|-------------------------|----------------|-----------------------|----------------|-----------------------|
|   | Carrying amount         |                | Bad debt provision    |                | Carrying value        |
|   | Amount                  | Proportion (%) | Amount                | Proportion (%) |                       |
| Other receivables, for which the independent provision for expected credit losses         | 184,507,567.33          | 15.23          | 173,744,735.99        | 94.17          | 10,762,831.34         |
| Other receivables withdrawn bad debt provision according to credit risks characteristics: |                         |                |                       |                |                       |
| Group 1: aging group  | 600,472,545.09          | 49.58          | 45,501,729.33         | 7.58           | 554,970,815.76        |
| Group 2: low-risk group   | 426,192,057.36          | 35.19          | 4,261,920.57          | 1.00           | 421,930,136.79        |
| <b>Total</b>  | <b>1,211,172,169.78</b> | <b>100</b>     | <b>223,508,385.89</b> | <b>18.45</b>   | <b>987,663,783.89</b> |

| Category  | Beginning balance     |                |                       |                |                       |
|---|-----------------------|----------------|-----------------------|----------------|-----------------------|
|   | Carrying amount       |                | Bad debt provision    |                | Carrying value        |
|   | Amount                | Proportion (%) | Amount                | Proportion (%) |                       |
| Other receivables, for which the independent provision for expected credit losses         | 184,619,007.33        | 29.80          | 173,506,953.19        | 93.98          | 11,112,054.14         |
| Other receivables withdrawn bad debt provision according to credit risks characteristics: |                       |                |                       |                |                       |
| Group 1: aging group  | 388,967,784.28        | 62.81          | 41,436,970.43         | 10.65          | 347,530,813.85        |
| Group 2: low-risk group   | 45,738,925.63         | 7.39           | 474,716.66            | 1.04           | 45,264,208.97         |
| <b>Total</b>  | <b>619,325,717.24</b> | <b>100</b>     | <b>215,418,640.28</b> | <b>34.78</b>   | <b>403,907,076.96</b> |

## ④ Bad Debt Provision

| Category | Beginning balance | Increases/decrease |                       |                | Ending balance |
|----------|-------------------|--------------------|-----------------------|----------------|----------------|
|          |                   | Withdrawal         | Recovered or reversed | Other decrease |                |
|          |                   |                    |                       |                |                |

|   |                       |                     |                   |                  |                       |
|---|-----------------------|---------------------|-------------------|------------------|-----------------------|
| Other receivables, for which the independent provision for expected credit losses | 173,506,953.19        | 237,782.80          | -                 | -                | 173,744,735.99        |
| Aging group   | 41,436,970.43         | 4,622,696.27        | 463,866.81        | 94,070.57        | 45,501,729.33         |
| Low-risk group  | 474,716.65            | 3,787,203.92        |                   | -                | 4,261,920.57          |
| <b>Total</b>  | <b>215,418,640.28</b> | <b>8,647,682.99</b> | <b>463,866.81</b> | <b>94,070.57</b> | <b>223,508,385.89</b> |

⑤ There was no other receivables with actual verification for the Reporting Period.

⑥ Top 5 Other Receivables in Ending Balance Collected according to the Arrears Party

| Name of units  | Nature  | Ending balance        | Aging                          | Proportion of ending balance of the total other accounts receivable | Ending balance of bad debt provision |
|--|---|-----------------------|--------------------------------|---|--------------------------------------|
| Administrative Committee of Chuzhou Development Zone                   | Intercourse funds   | 297,256,700.00        | With 1 year                    | 24.54   | 2,972,567.00                         |
| National energy-saving and benefiting people (Energy-saving subsidies) | Subsidies   | 152,402,680.00        | 4 to 5 years and over 5 years  | 12.58   | 152,402,680.00                       |
| Jiangxi Meiji Industry Co., Ltd  | Intercourse funds of original shareholders of subsidiaries acquired                     | 99,798,640.31         | 1 to 2 years and within 1 year | 8.24  | 2,205,549.95                         |
| Equity transfer of Dai Rongxing and other intercourse funds            | Share transfer accounts<br>Intercourse funds of original funds of subsidiaries acquired | 83,265,018.32         | 1 to 2 years and within 1 year | 6.87  | 2,489,085.90                         |
| Yantai Hengxiang Robots Technology Co., Ltd.                           | Cash deposit  | 48,000,000.00         | 1 to 2 years                   | 3.96  | 4,800,000.00                         |
| <b>Total</b>   |   | <b>680,723,038.63</b> |                                | <b>56.19</b>  | <b>164,869,882.85</b>                |

⑦ There was no accounts receivable involved in government subsidies for the Reporting Period

⑧ There was no other receivables derecognized for transfer of financial assets for the



## Reporting Period.

⑨ There was no financial assets and liabilities generated from transfer of other receivables and continuous involvement for the Reporting Period

**10. Inventory****(1) Category of Inventory**

| Item   | Ending balance          |  |                        |                         |
|--|-------------------------|--|------------------------|-------------------------|
|  | Carrying amount         | Of which: the capitalized amount of the borrowings | Falling price reserves | Carrying value          |
| <b>Development projects of the property:</b>             |                         |  |                        |                         |
| Development cost   | -                       |  | -                      |                         |
| Land intended to develop                                 |                         |  | -                      |                         |
| Subtotal   | -                       |  | -                      |                         |
| <b>Non-development projects of the property:</b>         |                         |  |                        |                         |
| Raw materials  | 1,608,135,086.58        |  | 76,153,832.27          | 1,531,981,254.31        |
| Semi-finished product                                    | 122,456,507.95          |  | 9,309,280.42           | 113,147,227.53          |
| Inventory goods  | 4,420,172,314.59        |  | 299,560,364.57         | 4,120,611,950.02        |
| Finished but unsettled assets from construction contract | 44,495,341.20           |  | -                      | 44,495,341.20           |
| Subtotal   | 6,195,259,250.32        |  | 385,023,477.26         | 5,810,235,773.06        |
| <b>Total</b>   | <b>6,195,259,250.32</b> |  | <b>385,023,477.26</b>  | <b>5,810,235,773.06</b> |

(Continued)

| Item   | Beginning balance |  |                        |                |
|--|-------------------|--|------------------------|----------------|
|  | Carrying amount   | Of which: the capitalized amount of the borrowings | Falling price reserves | Carrying value |
| <b>Development projects of the property:</b> |                   |  |                        |                |

| Item   | Beginning balance       |  |                        |                         |
|--|-------------------------|--|------------------------|-------------------------|
|  | Carrying amount         | Of which: the capitalized amount of the borrowings | Falling price reserves | Carrying value          |
| Development cost   | 85,167,073.18           | 2,470,133.87                                       | -                      | 85,167,073.18           |
| Land intended to develop                                 | 70,855,200.00           | -  | -                      | 70,855,200.00           |
| Subtotal   | <b>156,022,273.18</b>   | <b>2,470,133.87</b>                                | -                      | <b>156,022,273.18</b>   |
| <b>Non-development projects of the property:</b>         |                         |  |                        |                         |
| Raw materials  | 1,122,370,078.37        | -  | 73,754,748.97          | 1,048,615,329.40        |
| Semi-finished product                                    | 89,334,764.13           | -  | 10,260,152.74          | 79,074,611.39           |
| Inventory goods  | 4,518,051,460.16        | -  | 330,081,328.25         | 4,187,970,131.91        |
| Finished but unsettled assets from construction contract | 15,922,881.17           | -  | -                      | 15,922,881.17           |
| Subtotal   | <b>5,745,679,183.83</b> | -  | <b>414,096,229.96</b>  | <b>5,331,582,953.87</b> |
| Total  | <b>5,901,701,457.01</b> | <b>2,470,133.87</b>                                | <b>414,096,229.96</b>  | <b>5,487,605,227.05</b> |

## (2) List of the Development Cost

| Name of item      | Starting time | Expected completion time of the next batch | Beginning amount     | Ending amount |
|-------------------|---------------|--|----------------------|---------------|
| Innovation Center | April 2018    | December 2022                              | 85,167,073.18        | -             |
| Total             |               |  | <b>85,167,073.18</b> | -             |

## (3) Falling Price Reserves of Inventory

| Item          | Beginning balance | Increased amount |                    | Decreased amount     |                                      | Ending balance |
|---------------|-------------------|------------------|--------------------|----------------------|--------------------------------------|----------------|
|               |                   | Withdrawal       | Increase of merger | Reverse or write-off | Decrease of losing controlling right |                |
| Raw materials | 73,754,748.97     | 3,721,593.79     |                    | 801,912.81           | 520,597.68                           | 76,153,832.27  |
| Goods in      | 10,260,152.74     | 663,571.13       |                    | 861,745.33           | 752,698.12                           | 9,309,280.42   |

| Item            | Beginning balance     | Increased amount     |                    | Decreased amount     |                                      | Ending balance        |
|-----------------|-----------------------|----------------------|--------------------|----------------------|--------------------------------------|-----------------------|
|                 |                       | Withdrawal           | Increase of merger | Reverse or write-off | Decrease of losing controlling right |                       |
| process         |                       |                      |                    |                      |                                      |                       |
| Inventory goods | 330,081,328.25        | 8,437,560.87         |                    | 36,898,999.61        | 2,059,524.94                         | 299,560,364.57        |
| Total           | <b>414,096,229.96</b> | <b>12,822,725.79</b> | -                  | <b>38,562,657.75</b> | <b>3,332,820.74</b>                  | <b>385,023,477.26</b> |

#### (4) Withdrawal Provision Basis of the Falling Price of the Inventory and the Reasons of the Reversed or Write-off

| Item             | Specific basis of withdrawal of falling price reserves of inventory | Reasons for reverse | Reasons for write-off                  |
|------------------|---|---------------------|--|
| Raw materials    | The realizable net value was lower than the carrying value          | —                   | Sold or disposed in the current period |
| Goods in process | The realizable net value was lower than the carrying value          | —                   | Sold or disposed in the current period |
| Inventory goods  | The realizable net value was lower than the carrying value          | —                   | Sold in the current period             |

(5) Ending balance of the inventory which includes capitalized borrowing expenses was RMB0.

#### (6) Finished but Unsettled Assets from Construction Contract

| Item   | Amount         |
|--|----------------|
| Accumulatively incurred costs                            | 714,468,271.18 |
| Accumulatively recognized gross margin                   | 129,583,491.29 |
| Less: estimated loss                                     | -              |
| Settled amounts  | 799,556,421.27 |
| Finished but Unsettled Assets from Construction Contract | 44,495,341.20  |

### 11. Current Portion of Non-current Assets

| Item                                    | Ending balance | Beginning balance | Remark                       |
|---|----------------|-------------------|------------------------------|
| Current portion of long-term receivable | 53,237,851.30  | 22,318,208.13     | For details, see Note VI. 13 |

| Item  | Ending balance       | Beginning balance    | Remark |
|-------|----------------------|----------------------|--------|
| Total | <b>53,237,851.30</b> | <b>22,318,208.13</b> |        |

## 12. Other Current Assets

| Item  | Ending balance          | Beginning balance       |
|---|-------------------------|-------------------------|
| Financial products  |                         |                         |
| Principal and interest of entrusted loans to joint ventures               | 1,148,697,055.18        | 1,824,523,111.11        |
| Entrusted financing   | -                       | 30,000,000.00           |
| Unreached bank deposits   |                         |                         |
| Prepayments and deductible taxes, and refund of tax for report receivable | 591,353,068.73          | 794,991,256.00          |
| Prepayment of land purchase   | -                       | 75,450,000.00           |
| Others  | 26,485,236.11           | 19,251,774.87           |
| Total   | <b>1,766,535,360.02</b> | <b>2,744,216,141.98</b> |

## 13. Long-term Receivables

### (1) List of Long-term Receivables

| Item   | Ending balance  |                      |                | Beginning balance |                      |                | Interval of discount rate |
|--|-----------------|----------------------|----------------|-------------------|----------------------|----------------|---------------------------|
|  | Carrying amount | Impairment provision | Carrying value | Carrying amount   | Impairment provision | Carrying value |                           |
| Finance leasing amount   | 115,943,583.65  | -                    | 115,943,583.65 | 55,893,266.81     | -                    | 55,893,266.81  | 4.35%-8.78%               |
| Of which: unrealized financing income  | 11,363,170.60   | -                    | 11,363,170.60  | 4,975,887.40      | -                    | 4,975,887.40   | 4.35%-8.78%               |
| Cash deposits of long-term receivables                                       | 7,801,495.81    | -                    | 7,801,495.81   | 7,801,495.81      | -                    | 7,801,495.81   | -                         |
| Long-term receivables of projects with franchise rights                      | 349,416,483.56  | -                    | 349,416,483.56 | 349,416,483.56    | -                    | 349,416,483.56 | -                         |
| Less: Current portion of long-term receivables (for details, see Note VI.11) | 53,237,851.30   | -                    | 53,237,851.30  | 22,318,208.13     | -                    | 22,318,208.13  | -                         |

| Item  | Ending balance  |                      |                | Beginning balance |                      |                | Interval of discount rate |
|-------|-----------------|----------------------|----------------|-------------------|----------------------|----------------|---------------------------|
|       | Carrying amount | Impairment provision | Carrying value | Carrying amount   | Impairment provision | Carrying value |                           |
| Total | 419,923,711.72  | -                    | 419,923,711.72 | 390,793,038.05    | -                    | 390,793,038.05 | -                         |

## (2) List of Projects with Franchise Rights

| Item   | Type | Project scale  | Franchise right                     | Date of contract | Operation |
|--|------|----------------|-------------------------------------|------------------|-----------|
| PPP Project of water supply and sewage Rushan Silver Beach | PPP  | 163,558,100.00 | Right of charge for sewage disposal | July 2016        | Good      |

## (3) Changes in Long-term Receivables of Projects with Franchise Rights

| Item  | Initial invested amount | Beginning balance     | Increase                                |                                   |                 | Decrease            |                    |                | Ending balance        | Of which: reclassified into current portion of long-term receivables |
|---|-------------------------|-----------------------|---|-----------------------------------|-----------------|---------------------|--------------------|----------------|-----------------------|--|
|   |                         |                       | Merger increase in the Reporting Period | Newly increased investment amount | Interest income | Principal recoverer | Interest recoverer | Other decrease |                       |  |
| PPP Project of water supply and sewage of Rushan Silver Beach | 349,416,483.56          | 349,416,483.56        | -                                       | -                                 | -               | -                   | -                  | -              | 349,416,483.56        | -  |
| <b>Total</b>  | <b>349,416,483.56</b>   | <b>349,416,483.56</b> | <b>-</b>                                | <b>-</b>                          | <b>-</b>        | <b>-</b>            | <b>-</b>           | <b>-</b>       | <b>349,416,483.56</b> | <b>-</b>   |

## 14. Long-term Equity Investment

| Investee  | Beginning balance | Increase/decrease in the Reporting Period |                           |                      |   |  |                      |
|---|-------------------|---|---------------------------|----------------------|---|--|----------------------|
|   |                   | Additional investment                     | Increase for combinations | Decreased investment | Investment profit and loss recognized under the equity method | Adjustment of other comprehensive income | Other equity changes |
| Konka Ventures Development (Shenzhen) Co., Ltd.                                 | 2,359,048.04      | -   | -                         | -                    | -490,743.29   | -  | -                    |
| Nanjing Intelligence Optical Information Technology Research Institute Co., Ltd | 1,605,469.87      | -   | -                         | -                    | -144,833.79   | -  | -                    |

| Investee   | Beginning balance | Increase/decrease in the Reporting Period |                           |                      |   |  |                      |
|--|-------------------|---|---------------------------|----------------------|---|--|----------------------|
|  |                   | Additional investment                     | Increase for combinations | Decreased investment | Investment profit and loss recognized under the equity method | Adjustment of other comprehensive income | Other equity changes |
| Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.                | 777,956.58        | -   | -                         | -                    | -514,281.92   | -  | -                    |
| Chongqing Qingjia Electronics Co., Ltd.                                  | 19,750,739.24     | -   | -                         | -                    | -   | -  | -                    |
| Shenzhen Jielunte Technology Co., Ltd.                                   | 83,329,443.68     | -   | -                         | -                    | -2,592,517.96   | -  | -                    |
| Panxu Intelligence Co., Ltd.   | 49,170,159.29     | -   | -                         | -                    | 902,086.78  | -  | -                    |
| Beijing Konka Jingyuan Technology Co., Ltd.                              | 759,258.94        | -   | -                         | -                    | -   | -  | -                    |
| Oriexcellent (Zhuhai) Assets Management Co., Ltd.                        | 2,757,557.31      | -   | -                         | -                    | -836,000.00   | -  | -                    |
| Feidi Technology (Shenzhen) Co., Ltd.                                    | 4,868,798.36      | 12,000,000.00                             | -                         | -                    | -647,925.56   | -  | -                    |
| Nanjing K-Star Technology Industrial Park Operation Management Co., Ltd. | 50,929,429.45     | -   | -                         | 17,000,000.00        | -   | -  | -                    |
| Weihai City Water Environmental Protection Technology Co., Ltd.          | 2,440,433.26      | -   | -                         | -                    | -   | -  | -                    |
| Weihai Yiheng Environment Technology Co., Ltd.                           | 4,571,472.70      | -   | -                         | -                    | -   | -  | -                    |
| Laizhou Lairun Financial Leasing Co., Ltd.                               | -                 | -   | -                         | -                    | -   | -  | -                    |

| Investee   | Beginning balance | Increase/decrease in the Reporting Period |                           |                      |   |  |                      |
|--|-------------------|---|---------------------------|----------------------|---|--|----------------------|
|  |                   | Additional investment                     | Increase for combinations | Decreased investment | Investment profit and loss recognized under the equity method | Adjustment of other comprehensive income | Other equity changes |
| Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.                | 59,671,933.63     | -   | -                         | -                    | 9,761,794.24  | -  | -                    |
| Shandong Bishuiyuan Environmental Protection Technology Co., Ltd.    | 24,745,069.48     | -   | -                         | -                    | -   | -  | -                    |
| Shenzhen RF-LINK Technology Co., Ltd.                                | 100,277,552.55    | -   | -                         | -                    | 70,860.88   | -  | --                   |
| Shenzhen Konka Information Network Co., Ltd.                         | 26,656,667.58     | -   | -                         | -                    | -10,458,637.68  | -  | -                    |
| Shenzhen Yaode Technology Co., Ltd.                                  | 222,210,835.18    | -   | -                         | -                    | 1,615,602.55  | -  | -                    |
| Chutian Dragon Co., Ltd.   | 624,845,604.93    | -   | -                         | -                    | 13,279,493.50   | -  | --                   |
| Konka Green, and Konka Technology (③)                                | 78,409,903.14     | -   | -                         | -                    | -180,177.55   | -  | -                    |
| Zhuhai Jinsu Plastic Co., Ltd.                                       | 11,040,246.82     | -   | -                         | -                    | 428,175.28  | -  | -                    |
| Shenzhen Konka Intelligent Electrical Appliance Technology Co., Ltd. | 2,287,478.52      | -   | -                         | -                    | -152,488.28   | -  | -                    |
| Shenzhen Zhongbing Konka technology Co., Ltd.                        | 10,617,873.79     | -   | -                         | -                    | -2,230,059.14   | -  | -                    |
| Guangdong Hotcomm Information Technology Co., Ltd.                   | -                 | -   | -                         | -                    | -   | -  | -                    |
| Shenzhen OCT Life Network Technology                                 | 3,592,514.06      | -   | -                         | 3,592,514.06         | -   | -  | -                    |



| Investee  | Beginning balance | Increase/decrease in the Reporting Period |                           |                      |   |  |                      |
|---|-------------------|---|---------------------------|----------------------|---|--|----------------------|
|   |                   | Additional investment                     | Increase for combinations | Decreased investment | Investment profit and loss recognized under the equity method | Adjustment of other comprehensive income | Other equity changes |
| Co., Ltd.   |                   |   |                           |                      |   |  |                      |
| Kunshan Konka Electronics Co., Ltd.                     | 200,694,466.80    | -   | -                         | -                    | -4,811,843.11   | -  | -                    |
| Kunshan Kangsheng Investment Development Co., Ltd.      | 269,673,264.00    | -   | -                         | -                    | -   | -  | -                    |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                | 436,685,064.57    | -   | -                         | -                    | -   | -  | -                    |
| Shenzhen Bosser New Materials Co., Ltd.                 | 79,859,338.44     | -   | -                         | -                    | 1,056,895.31  | -  | -                    |
| Heilongjiang Longkang Zhijia Technology Co., Ltd        | 6,400,480.52      | -   | -                         | -                    | -239,050.00   | -  | -                    |
| Shanxi Silk Road Yunqi Intelligent Technology Co., Ltd. | 4,522,509.33      | -   | -                         | -                    | -   | -  | -                    |
| Wuhan Tianyuan Environmental Protection Co., Ltd.       | 252,270,255.47    | -   | -                         | -                    | 5,620,617.83  | -  | -                    |
| Shandong Konka Smart Electrical Appliance Co., Ltd.     | -                 | 4,000,000.00                              | -                         | -                    | -287,791.69   | -  | -                    |
| Beijing Aowei Huyu Technology Co., Ltd.                 | -                 | 6,000,000.00                              | -                         | -                    | 10,492.58   | -  | -                    |
| Yilingfang  | -                 | -   | -                         | -                    | -935.98   | -  | -                    |
| Huarun Environment Water Co., Ltd.                      | -                 | 15,819,210.00                             | -                         | -                    | -   | -  | -                    |

| Investee   | Beginning balance       | Increase/decrease in the Reporting Period |                           |                      |   |  |                      |
|--|-------------------------|---|---------------------------|----------------------|---|--|----------------------|
|  |                         | Additional investment                     | Increase for combinations | Decreased investment | Investment profit and loss recognized under the equity method | Adjustment of other comprehensive income | Other equity changes |
| Henan Konka Smart Electrical Appliance Co., Ltd.   | -                       | 1,600,000.00                              | -                         | -                    | -617,458.44   | -  | -                    |
| Shenzhen E-display Co., Ltd.                       | -                       | -   | -                         | -                    | -   | -  | -                    |
| Chuzhou Konka TID                                  | -                       | -   | -                         | -                    | -   | -  | -                    |
| Huoqiu Kangrun Kaitian Environment Water Co., Ltd. | -                       | 10,000,000.00                             | -                         | -                    | -   | -  | -                    |
| <b>Total</b>                                       | <b>2,637,780,825.53</b> | <b>49,419,210.00</b>                      | <b>-</b>                  | <b>20,592,514.06</b> | <b>8,541,274.56</b>   | <b>-</b>                                 | <b>-</b>             |

(Continued)

| Investee  | Increase/decrease in the Reporting Period |                                |  |   |       | Ending balance | Ending balance of impairment provision |
|---|---|--------------------------------|--|---|-------|----------------|--|
|   | Declaration of cash dividends or profits  | Withdrawn impairment provision | Cost method converted into equity method | Financial assets converted into equity method | Other |                |  |
| Konka Ventures Development (Shenzhen) Co., Ltd.                                 | -   | -                              | -  | -   | -     | 1,868,304.75   | -                                      |
| Nanjing Intelligence Optical Information Technology Research Institute Co., Ltd | -   | -                              | -  | -   | -     | 1,460,636.08   | -                                      |
| Guoguang Ruilian (Shenzhen) Internet  | -   | -                              | -  | -   | -     | 263,674.66     | -                                      |

| Investee   | Increase/decrease in the Reporting Period |                                |  |   |       | Ending balance | Ending balance of impairment provision |
|--|---|--------------------------------|--|---|-------|----------------|--|
|  | Declaration of cash dividends or profits  | Withdrawn impairment provision | Cost method converted into equity method | Financial assets converted into equity method | Other |                |  |
| Technology Co., Ltd.   |   |                                |  |   |       |                |  |
| Chongqing Qingjia Electronics Co., Ltd. (①)                              | -   | -                              | -  | -   | -     | 19,750,739.24  | -                                      |
| Shenzhen Jielunte Technology Co., Ltd.                                   | -   | -                              | -  | -   | -     | 80,736,925.72  | -                                      |
| Panxu Intelligence Co., Ltd.   | -   | -                              | -  | -   | -     | 50,072,246.07  | -                                      |
| Beijing Konka Jingyuan Technology Co., Ltd.                              | -   | -                              | -  | -   | -     | 759,258.94     | -                                      |
| Oriexcellant (Zhuhai) Assets Management Co., Ltd.                        | -   | -                              | -  | -   | -     | 1,921,557.31   | -                                      |
| Feidi Technology (Shenzhen) Co., Ltd.                                    | -   | -                              | -  | -   | -     | 16,220,872.80  | -                                      |
| Nanjing K-Star Technology Industrial Park Operation Management Co., Ltd. | -   | -                              | -  | -   | -     | 33,929,429.45  | -                                      |
| Weihai City Water Environmental Protection Technology Co., Ltd. (②)      | -   | -                              | -  | -   | -     | 2,440,433.26   | -                                      |
| Weihai Yiheng Environment Technology Co.,Ltd. (②)                        | -   | -                              | -  | -   | -     | 4,571,472.70   | -                                      |
| Laizhou Lairun Financial Leasing Co., Ltd. (②)                           | -   | -                              | -  | -   | -     | -              | -                                      |
| Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd. (②)                | -   | -                              | -  | -   | -     | 69,433,727.87  | -                                      |

| Investee  | Increase/decrease in the Reporting Period |                                |  |   |       | Ending balance | Ending balance of impairment provision |
|---|---|--------------------------------|--|---|-------|----------------|--|
|   | Declaration of cash dividends or profits  | Withdrawn impairment provision | Cost method converted into equity method | Financial assets converted into equity method | Other |                |  |
| Shandong Bishuiyuan Environmental Protection Technology Co., Ltd. (②) | -   | -                              | -  | -   | -     | 24,745,069.48  | -                                      |
| Shenzhen RF-LINK Technology Co., Ltd.                                 | -   | -                              | -  | -   | -     | 100,348,413.43 | -                                      |
| Shenzhen Konka Information Network Co., Ltd.                          | -   | -                              | -  | -   | -     | 16,198,029.90  | -                                      |
| Shenzhen Yaode Technology Co., Ltd.                                   | -   | -                              | -  | -   | -     | 223,826,437.73 | -                                      |
| Chutian Dragon Co., Ltd   | -   | -                              | -  | -   | -     | 638,125,098.43 | -                                      |
| Konka Green, and Konka Technology (③)                                 | -   | -                              | -  | -   | -     | 78,229,725.59  | -                                      |
| Zhuhai Jinsu Plastic Co., Ltd.  | 2,070,000.00                              | -                              | -  | -   | -     | 9,398,422.10   | -                                      |
| Shenzhen Konka Intelligent Electrical Appliance Technology Co., Ltd   | -   | -                              | -  | -   | -     | 2,134,990.24   | -                                      |
| Shenzhen Zhongbing Konka technology Co., Ltd.                         | -   | -                              | -  | -   | -     | 8,387,814.65   | -                                      |
| Guangdong Hotcomm Information Technology Co., Ltd.                    | -   | -                              | -  | -   | -     | -              | -                                      |
| Shenzhen OCT Life Network Technology Co., Ltd.                        | -   | -                              | -  | -   | -     | -              | -                                      |
| Kunshan Konka Electronics Co., Ltd.                                   | -   | -                              | -  | -   | -     | 195,882,623.69 | -                                      |
| Kunshan Kangsheng Investment Development Co., Ltd.                    | -   | -                              | -  | -   | -     | 269,673,264.00 | -                                      |

| Investee  | Increase/decrease in the Reporting Period |                                |  |   |       | Ending balance | Ending balance of impairment provision |
|---|---|--------------------------------|--|---|-------|----------------|--|
|   | Declaration of cash dividends or profits  | Withdrawn impairment provision | Cost method converted into equity method | Financial assets converted into equity method | Other |                |  |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                | -   | -                              | -  | -   | -     | 436,685,064.57 | -                                      |
| Shenzhen Bosser New Materials Co., Ltd.                 | -   | -                              | -  | -   | -     | 80,916,233.75  | -                                      |
| Heilongjiang Longkang Zhijia Technology Co., Ltd.       | -   | -                              | -  | -   | -     | 6,161,430.52   | -                                      |
| Shanxi Silk Road Yunqi Intelligent Technology Co., Ltd. | -   | -                              | -  | -   | -     | 4,522,509.33   | -                                      |
| Wuhan Tianyuan Environmental Protection Co., Ltd.       | -   | -                              | -  | -   | -     | 257,890,873.30 | -                                      |
| Shandong Konka Smart Electrical Appliance Co., Ltd.     | -   | -                              | -  | -   | -     | 3,712,208.31   | -                                      |
| Beijing Aowei Huyu Technology Co., Ltd.                 | -   | -                              | -  | -   | -     | 6,010,492.58   | -                                      |
| Yilingfang  | -   | -                              | -  | -   | -     | -935.98        | -                                      |
| Huarun Environment Water Co., Ltd.                      | -   | -                              | -  | -   | -     | 15,819,210.00  | -                                      |
| Henan Konka Smart Electrical Appliance Co., Ltd.        | -   | -                              | -  | -   | -     | 982,541.56     | -                                      |
| Shenzhen E-display Co., Ltd.                            | -   | -                              | 112,500,000.00                           | -   | -     | 112,500,000.00 | -                                      |
| Chuzhou Konka TID                                       | -   | -                              | 61,029,500.00                            | -   | -     | 61,029,500.00  | -                                      |
| Huoqiu Kangrun Kaitian Environment Water Co., Ltd.      | -   | -                              | -  | -   | -     | 10,000,000.00  | -                                      |

| Investee | Increase/decrease in the Reporting Period |                                |  |   |       | Ending balance          | Ending balance of impairment provision |
|----------|---|--------------------------------|--|---|-------|-------------------------|--|
|          | Declaration of cash dividends or profits  | Withdrawn impairment provision | Cost method converted into equity method | Financial assets converted into equity method | Other |                         |  |
| Total    | <b>2,070,000.00</b>                       | -                              | <b>173,529,500.00</b>                    | -   | -     | <b>2,846,608,296.03</b> | -                                      |

## 15. Other Equity Instrument Investment

### (1) Other Equity Instrument Investment

| Item  | Ending balance       | Beginning balance    |
|---|----------------------|----------------------|
| Shenzhen Tianyilian Science & Technology Co., Ltd.                    | -                    | 4,800,000.00         |
| Feihong Electronics Co., Ltd.   | -                    | -                    |
| ZAEFI   | -                    | -                    |
| Shenzhen Chuangce Investment Development Co., Ltd.                    | -                    | -                    |
| Shanlian Information Technology Engineering Center                    | 3,360,809.20         | 3,360,809.20         |
| Shenzhen CIU Science & Technology Co., Ltd.                           | 953,000.00           | 953,000.00           |
| Shenzhen Digital TV National Engineering Laboratory Co., Ltd.         | 7,726,405.16         | 7,726,405.16         |
| Shanghai National Engineering Research Center of Digital TV Co., Ltd. | 2,400,000.00         | 2,400,000.00         |
| Beijing Konka Technology Co., Ltd.                                    | 4,700,000.00         | 4,700,000.00         |
| <b>Total</b>  | <b>19,140,214.36</b> | <b>23,940,214.36</b> |

### (2) Non-transactional Equity Instrument Investment

| Item   | Dividend income recognized in the current period | Accumulative gain | Accumulative loss | Amount of retained earnings transferred from other comprehensive income | Reason for measure at fair value of which recorded in other comprehensive income | Reason for retained earnings transferred from other comprehensive income |
|--|--|-------------------|-------------------|---|--|--|
| Shenzhen Tianyilian Science & Technology Co., Ltd. | -  | -                 | 4,800,000.00      | -   | Long-term holding based on strategic purpose                                     |  |
| Feihong Electronics Co., Ltd.                      | -  | -                 | 1,300,000.00      | -   | Long-term holding based on strategic purpose                                     |  |
| ZAEFI  | -  | -                 | 100,000.00        | -   | Long-term holding based on strategic purpose                                     |  |
| Shenzhen Chuangce                                  | -  | -                 | 485,000.00        | -   | Long-term holding based on   |  |

|   |   |   |                     |   |  |  |
|---|---|---|---------------------|---|--|--|
| Investment Development Co., Ltd.                                      |   |   |                     |   | strategic purpose                            |  |
| Shanlian Information Technology Engineering Center                    | - | - | 1,639,190.80        | - | Long-term holding based on strategic purpose |  |
| Shenzhen CIU Science & Technology Co., Ltd.                           | - | - | 200,000.00          | - | Long-term holding based on strategic purpose |  |
| Shenzhen Digital TV National Engineering Laboratory Co., Ltd.         | - | - | 1,273,594.84        | - | Long-term holding based on strategic purpose |  |
| Shanghai National Engineering Research Center of Digital TV Co., Ltd. | - | - | -                   | - | Long-term holding based on strategic purpose |  |
| Beijing Konka Technology Co., Ltd.                                    | - | - | -                   | - | Long-term holding based on strategic purpose |  |
| <b>Total</b>  | - | - | <b>9,797,785.64</b> | - | -  |  |

## 16. Other Non-current Financial Assets

| Item  | Ending balance   | Beginning balance |
|---|------------------|-------------------|
| Classified as financial assets at fair value through profit or loss | 1,548,364,400.00 | 548,230,000.00    |
| Including: debt instrument investment                               | -                | -                 |
| Equity instrument investment  | 1,548,364,400.00 | 548,230,000.00    |
| Derivative financial assets   | -                | -                 |
| Hybrid instrument investment  | -                | -                 |
| Other   | -                | -                 |
| designated as financial assets at fair value through profit or loss | -                | -                 |
| Including: debt instrument investment                               | -                | -                 |



|                              |                         |                       |
|------------------------------|-------------------------|-----------------------|
| Hybrid instrument investment | -                       | -                     |
| Other                        | -                       | -                     |
| <b>Total</b>                 | <b>1,548,364,400.00</b> | <b>548,230,000.00</b> |

## 17. Investment Property

| Item   | Houses and buildings |
|--|----------------------|
| <b>I. Original carrying value</b>                                      |                      |
| 1. Beginning balance   | 249,923,047.75       |
| 2. Increased amount of the period                                      | -                    |
| 3. Decreased amount of the period                                      | -                    |
| 4. Ending balance  | 249,923,047.75       |
| <b>II. The accumulative depreciation and accumulative amortization</b> |                      |
| 1. Beginning balance   | 39,098,692.03        |
| 2. Increased amount of the period                                      | 2,815,637.15         |
| 3. Decreased amount of the period                                      | -                    |
| 4. Ending balance  | 41,914,329.18        |
| <b>III. Impairment provision</b>                                       |                      |
| 1. Beginning balance   | -                    |
| 2. Increased amount of the period                                      | -                    |
| 3. Decreased amount of the period                                      | -                    |
| 4. Ending balance  | -                    |
| <b>IV. Carrying value</b>  |                      |
| 1. Ending carrying value   | 208,008,718.57       |
| 2. Beginning carrying value  | 210,824,355.72       |

**18. Fixed Assets**

| Item                     | Ending balance          | Beginning balance       |
|--------------------------|-------------------------|-------------------------|
| Fixed assets             | 2,228,083,633.72        | 2,410,226,495.81        |
| Disposal of fixed assets | -                       | -                       |
| <b>Total</b>             | <b>2,228,083,633.72</b> | <b>2,410,226,495.81</b> |

**(1) List of Fixed Assets**

| Item                                     | Houses and buildings | Machinery equipment | Electronic equipment | Transportation equipment | Other equipment | Total            |
|--|----------------------|---------------------|----------------------|--------------------------|-----------------|------------------|
| I. Original carrying value               |                      |                     |                      |                          |                 |                  |
| 1. Beginning balance                     | 2,160,081,403.23     | 1,847,565,534.04    | 172,793,417.25       | 58,660,252.15            | 198,441,334.30  | 4,437,541,940.97 |
| 2. Increased amount of the period        | 5,643,529.56         | 115,070,706.88      | 4,688,868.33         | 2,958,435.02             | 23,965,789.47   | 152,327,329.26   |
| (1) Purchase                             | 4,784,564.00         | 61,595,856.44       | 4,688,868.33         | 2,778,482.63             | 22,761,636.88   | 96,609,408.28    |
| (2) Transfer of construction in progress | 858,965.56           | 53,474,850.44       | -                    | 179,952.39               | 1,204,152.59    | 55,717,920.98    |
| (3) increase of business combination     | -                    | -                   | -                    | -                        | -               | -                |
| 3. Decreased amount of the period        | 188,396,950.55       | 135,617,037.24      | 3,337,442.38         | 2,715,136.85             | 9,755,719.38    | 339,822,286.40   |

| Item                                      | Houses and buildings | Machinery equipment | Electronic equipment | Transportation equipment | Other equipment | Total            |
|---|----------------------|---------------------|----------------------|--------------------------|-----------------|------------------|
| (1) Disposal or Scrap                     | 188,396,950.55       | 130,413,329.34      | 3,218,185.73         | 2,715,136.85             | 8,201,461.59    | 332,945,064.06   |
| (2) decrease of loss of controlling right | -                    | 5,203,707.90        | 119,256.65           | -                        | 1,554,257.79    | 6,877,222.34     |
| 4. Ending balance                         | 1,977,327,982.24     | 1,827,019,203.68    | 174,144,843.20       | 58,903,550.32            | 212,651,404.39  | 4,250,046,983.83 |
| II. Accumulative depreciation             |                      |                     |                      |                          |                 |                  |
| 1. Beginning balance                      | 634,795,930.27       | 1,001,329,043.28    | 135,908,033.93       | 40,186,544.94            | 141,731,721.09  | 1,953,951,273.51 |
| 2. Increased amount of the period         | 34,444,579.79        | 124,022,789.19      | 5,605,567.26         | 2,577,771.53             | 7,517,236.49    | 174,167,944.26   |
| (1) Withdrawal                            | 34,444,579.79        | 124,022,789.19      | 5,605,567.26         | 2,577,771.53             | 7,517,236.49    | 174,167,944.26   |
| (2) Increase of business merger           | -                    | -                   | -                    | -                        | -               | -                |
| 3. Decreased amount of the period         | 68,377,572.01        | 93,346,740.86       | 2,921,077.76         | 2,282,488.32             | 8,165,511.68    | 175,093,390.63   |
| (1) Disposal or Scrap                     | 68,377,572.01        | 91,138,587.26       | 2,840,604.68         | 2,282,488.32             | 7,104,537.04    | 171,743,789.31   |
| (2) decrease of loss of controlling right | -                    | 2,208,153.60        | 80,473.08            | -                        | 1,060,974.64    | 3,349,601.32     |
| 4. Ending balance                         | 600,862,938.05       | 1,032,005,091.61    | 138,592,523.43       | 40,481,828.15            | 141,083,445.90  | 1,953,025,827.14 |

| Item                                      | Houses and buildings | Machinery equipment | Electronic equipment | Transportation equipment | Other equipment | Total            |
|---|----------------------|---------------------|----------------------|--------------------------|-----------------|------------------|
| III. Depreciation reserves                |                      |                     |                      |                          |                 |                  |
| 1. Beginning balance                      | 1,247,805.91         | 68,610,152.04       | 1,215,451.65         | 820,215.24               | 1,470,546.81    | 73,364,171.65    |
| 2. Increased amount of the period         | -                    | -                   | -                    | -                        | -               | -                |
| (1) Withdrawal                            | -                    | -                   | -                    | -                        | -               | -                |
| (2) Increase of business merger           | -                    | -                   | -                    | -                        | -               | -                |
| 3. Decreased amount of the period         | -                    | 4,318,285.23        | 4,350.83             | -                        | 104,012.62      | 4,426,648.68     |
| (1) Disposal or Scrap                     | -                    | 4,318,285.23        | 4,350.83             | -                        | 104,012.62      | 4,426,648.68     |
| (2) decrease of loss of controlling right | -                    | -                   | -                    | -                        | -               | -                |
| 4. Ending balance                         | 1,247,805.91         | 64,291,866.81       | 1,211,100.82         | 820,215.24               | 1,366,534.19    | 68,937,522.97    |
| IV. Carrying value                        |                      |                     |                      |                          |                 |                  |
| 1. Ending carrying value                  | 1,375,217,238.28     | 730,722,245.26      | 34,341,218.95        | 17,601,506.93            | 70,201,424.30   | 2,228,083,633.72 |
| 2. Beginning carrying value               | 1,524,037,667.05     | 777,626,338.72      | 35,669,931.67        | 17,653,491.97            | 55,239,066.40   | 2,410,226,495.81 |

## (2) List of Temporarily Idle Fixed Assets

| Item                     | Original carrying value | Accumulative depreciation | Impairment provision | Carrying value      |
|--------------------------|-------------------------|---------------------------|----------------------|---------------------|
| Mechanical equipment     | 16,406,610.84           | 6,178,421.06              | 7,349,335.30         | 2,878,854.48        |
| Electronic equipment     | 1,942,358.43            | 1,433,032.24              | -                    | 509,326.19          |
| Transportation equipment | 125,981.91              | 113,383.72                | -                    | 12,598.19           |
| Other equipment          | 547,252.26              | 456,847.47                | 43,847.23            | 46,557.56           |
| <b>Total</b>             | <b>19,022,203.44</b>    | <b>8,181,684.49</b>       | <b>7,393,182.53</b>  | <b>3,447,336.42</b> |

## (3) Fixed Assets Leased in from Financing Lease

| Item                 | Original carrying value | Accumulative depreciation | Impairment provision | Carrying value       |
|----------------------|-------------------------|---------------------------|----------------------|----------------------|
| Mechanical equipment | 77,615,759.89           | 15,019,413.62             | -                    | 62,596,346.27        |
| Electronic equipment | 205,128.20              | 177,777.77                | -                    | 27,350.43            |
| <b>Total</b>         | <b>77,820,888.09</b>    | <b>15,197,191.39</b>      | <b>-</b>             | <b>62,623,696.70</b> |

## (4) Fixed Assets Leased out from Operation Lease

| Item                 | Ending carrying value |
|----------------------|-----------------------|
| Houses and buildings | 59,181,043.13         |
| Mechanical equipment | 10,345,367.42         |
| <b>Total</b>         | <b>69,526,410.55</b>  |

## (5) Details of Fixed Assets Failed to Accomplish Certification of Property

| Item  | Original carrying value | Accumulative depreciation | Impairment provision | Net carrying value | Reason                     |
|---|-------------------------|---------------------------|----------------------|--------------------|----------------------------|
| Huaguoyuan Project in Huaguoyuan Road, Guiyang                  | 3,628,629.00            | 251,736.18                | -                    | 3,376,892.82       | Under processing           |
| 26-1 Longzhimeng, Pangjiang Street Property in Dadong District, | 10,189,892.23           | 1,204,561.09              | -                    | 8,985,331.14       | The problems of developers |

|   |                |               |   |               |                    |
|---|----------------|---------------|---|---------------|--------------------|
| Shenyang  |                |               |   |               |                    |
| Jingyuan Building property                          | 20,018,497.00  | 8,869,726.65  | - | 11,148,770.35 | Historical reasons |
| Yikang Building property                            | 76,610,752.33  | 34,319,203.86 | - | 42,291,548.47 | Historical reasons |
| Frestec Electrical Appliances property              | 31,336,020.00  | 352,530.26    | - | 30,983,489.74 | Under processing   |
| Workshops and buildings of Jiangxi konka            | 112,397,538.12 | 32,923,207.13 | - | 79,474,330.99 | Under processing   |
| Purification tank for liquid waste of XingDa HongYe | 2,653,000.00   | 1,303,286.25  | - | 1,349,713.75  | Under processing   |

**19. Construction in Progress**

| Item                     | Ending balance          | Beginning balance       |
|--------------------------|-------------------------|-------------------------|
| Construction in Progress | 2,776,018,241.52        | 2,176,871,530.80        |
| Engineering material     | -                       | -                       |
| <b>Total</b>             | <b>2,776,018,241.52</b> | <b>2,176,871,530.80</b> |

**(1) List of Construction in Progress**

| Item  | Ending balance  |                      |                | Beginning balance |                      |                |
|---|-----------------|----------------------|----------------|-------------------|----------------------|----------------|
|   | Carrying amount | Impairment provision | Carrying value | Carrying amount   | Impairment provision | Carrying value |
| Comprehensive improvement engineering project of drainage basins in the city of Donggang                          | 570,766,842.65  | -                    | 570,766,842.65 | 451,789,427.70    | -                    | 451,789,427.70 |
| Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province               | 552,623,974.82  | -                    | 552,623,974.82 | 552,055,516.50    | -                    | 552,055,516.50 |
| Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang | 261,680,935.60  | -                    | 261,680,935.60 | 261,826,586.30    | -                    | 261,826,586.30 |
| The second line of Xinfeng Microcrystalline Jade  | 371,215,114.23  | -                    | 371,215,114.23 | 365,069,872.84    | -                    | 365,069,872.84 |
| The second line of Jiangxi Nano Crystallized Glass  | 304,826,822.19  | -                    | 304,826,822.19 | 303,533,244.21    | -                    | 303,533,244.21 |
| Phase I of Guangming Project  | 156,084,314.80  | -                    | 156,084,314.80 | 153,577,240.57    | -                    | 153,577,240.57 |
| PPP Project of water treatment in Hunan County  | 414,945,586.48  | -                    | 414,945,586.48 | -                 | -                    | -              |
| Other small projects  | 143,874,650.75  | -                    | 143,874,650.75 | 89,019,642.68     | -                    | 89,019,642.68  |

| Item  | Ending balance  |                      |                | Beginning balance |                      |                |
|-------|-----------------|----------------------|----------------|-------------------|----------------------|----------------|
|       | Carrying amount | Impairment provision | Carrying value | Carrying amount   | Impairment provision | Carrying value |
| Total |                 |                      |                |                   |                      |                |

## (2) Changes of Significant Construction in Progress

| Name of item  | Estimated number | Beginning balance | Increase Amount | Merger increase amount | Amount that transferred to long-term fixed assets of the period | Other decreased amount of the period | Ending balance |
|---|------------------|-------------------|-----------------|------------------------|---|--------------------------------------|----------------|
| Comprehensive improvement engineering project of drainage basins in the city of Donggang                          | RMB1299 million  | 451,789,427.70    | 118,977,414.95  | -                      | -   | -                                    | 570,766,842.65 |
| Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province               | RMB970 million   | 552,055,516.50    | 568,458.32      | -                      | -   | -                                    | 552,623,974.82 |
| Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang | RMB2,850 million | 261,826,586.30    | -               | -                      | -   | 145,650.70                           | 261,680,935.60 |
| The second line of Xinfeng Microcrystalline Jade  | RMB381 million   | 365,069,872.84    | 10,666,706.57   | -                      | 4,521,465.18  | -                                    | 371,215,114.23 |
| The second line of Jiangxi Nano Crystallized Glass  | RMB434 million   | 303,533,244.21    | 6,075,209.13    | -                      | 4,781,631.15  | -                                    | 304,826,822.19 |
| Phase I of Guangming Project  | RMB241 million   | 153,577,240.57    | 2,507,074.23    | -                      | -   | -                                    | 156,084,314.80 |
| PPP Project of water treatment in Hunan County  | RMB972 million   | -                 | 414,949,989.00  | -                      | 4,402.52  | -                                    | 414,945,586.48 |



| Name of item         | Estimated number | Beginning balance       | Increase Amount       | Merger increase amount | Amount that transferred to long-term fixed assets of the period | Other decreased amount of the period | Ending balance          |
|----------------------|------------------|-------------------------|-----------------------|------------------------|---|--------------------------------------|-------------------------|
| Other small projects |                  | 89,019,642.68           | 102,960,858.62        |                        | 47,569,820.30   | 536,030.25                           | 143,874,650.75          |
| Total                |                  | <b>2,176,871,530.80</b> | <b>656,705,710.82</b> | -                      | <b>56,877,319.15</b>  | <b>681,680.95</b>                    | <b>2,776,018,241.52</b> |

(Continued)

| Project name  | Proportion estimated of the project accumulative input (%) | Project progress | Accumulative amount of capitalized interests | Of which: the amount of the capitalized interests of the period | Capitalization rate of the interests of the period (%) | Capital resources                   |
|---|--|------------------|--|---|--|-------------------------------------|
| Comprehensive improvement engineering project of drainage basins in the city of Donggang                          | 43.95  | 43.95            | 4,414,083.33                                 | 4,414,083.33  | 2.71   | Self-owned fund and bank financing  |
| Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province               | 56.97  | 56.97            | -  | -   | -  | Self-owned fund and bank financing  |
| Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang | 9.18   | 9.18             | -  | -   | -  | Self-owned fund and bank financing  |
| The second line of Xinfeng Microcrystalline Jade  | 98.56  | 98.56            | 26,987,072.16                                | 4,218,634.18  | 7.00   | Self-owned fund and finance leasing |
| The second line of Jiangxi Nano Crystallized Glass  | 71.40  | 71.40            | 31,299,947.21                                | 4,453,246.18  | 7.00   | Self-owned fund and finance leasing |
| Phase I of Guangming Project  | 64.76  | 64.76            | -  | -   | -  | Self-owned fund                     |
| PPP Project of water treatment in Hunan County  | 42.68  | 42.68            | -  | -   | -  | Self-owned fund and bank            |

| Project name         | Proportion estimated of the project accumulative input (%) | Project progress | Accumulative amount of capitalized interests | Of which: the amount of the capitalized interests of the period | Capitalization rate of the interests of the period (%) | Capital resources |
|----------------------|--|------------------|--|---|--|-------------------|
|                      |  |                  |  |   |  | financing         |
| Other small projects | -  | -                | -  | -   | -  | -                 |
| Total                | -  | -                | 62,701,102.70                                | 13,085,963.69   | -  | -                 |

## 20. Intangible Assets

### (1) List of intangible assets

| Item                                     | Land use right | Intellectual property |                     |                  |                                  | Subtotal       | Total          |
|--|----------------|-----------------------|---------------------|------------------|----------------------------------|----------------|----------------|
|  |                | Trademark right       | Patent and know-how | Franchise rights | Right to use software and others |                |                |
| I. Original carrying value               |                |                       |                     |                  |                                  |                |                |
| 1. Beginning balance                     | 440,540,757.52 | 47,490,161.70         | 195,491,851.74      | 111,050,625.01   | 80,373,189.03                    | 434,405,827.48 | 874,946,585.00 |
| 2. Increased amount of the period        | 78,468,000.00  | -                     | -                   | -                | 3,328,272.05                     | 3,328,272.05   | 81,796,272.05  |
| (1) Purchase                             | 78,468,000.00  | -                     | -                   | -                | 1,647,939.92                     | 1,647,939.92   | 80,115,939.92  |
| (2) Transfer of construction in progress | -              | -                     | -                   | -                | 1,680,332.12                     | 1,680,332.12   | 1,680,332.12   |
| (3) increase of business                 | -              | -                     | -                   | -                | -                                | -              | -              |

| Item                                     | Land use right | Intellectual property |                     |                  |                                  |                | Subtotal | Total          |
|--|----------------|-----------------------|---------------------|------------------|----------------------------------|----------------|----------|----------------|
|  |                | Trademark right       | Patent and know-how | Franchise rights | Right to use software and others |                |          |                |
| combination                              |                |                       |                     |                  |                                  |                |          |                |
| 3. Decreased amount of the period        | 7,289,880.61   | -                     | -                   | -                | 4,487,025.17                     | 4,487,025.17   |          | 11,776,905.78  |
| (1) Disposal                             | 7,147,153.06   | -                     | -                   | -                | -                                | -              |          | 7,147,153.06   |
| (2) decrease of losing controlling right | 142,727.55     | -                     | -                   | -                | 4,487,025.17                     | 4,487,025.17   |          | 4,629,752.72   |
| 4. Ending balance                        | 511,718,876.91 | 47,490,161.70         | 195,491,851.74      | 111,050,625.01   | 79,214,435.90                    | 433,247,074.35 |          | 944,965,951.26 |
| II. Accumulated amortization             |                |                       |                     |                  |                                  |                |          |                |
| 1. Beginning balance                     | 40,662,235.55  | 5,364,671.49          | 46,294,309.44       | 6,663,037.50     | 35,284,562.07                    | 93,606,580.50  |          | 134,268,816.05 |
| 2. Increased amount of the period        | 6,285,855.53   | -                     | 260,325.44          | 2,221,012.50     | 3,751,363.02                     | 6,232,700.96   |          | 12,518,556.49  |
| (1) Withdrawal                           | 6,285,855.53   | -                     | 260,325.44          | 2,221,012.50     | 3,751,363.02                     | 6,232,700.96   |          | 12,518,556.49  |
| (2) increase of business combination     | -              | -                     | -                   | -                | -                                | -              |          | -              |
| 3. Decreased amount of the period        | 3,035,596.91   | -                     | -                   | -                | 7,744.26                         | 7,744.26       |          | 3,043,341.17   |

| Item                                     | Land use right | Intellectual property |                     |                  |                                  |               | Subtotal       | Total        |
|--|----------------|-----------------------|---------------------|------------------|----------------------------------|---------------|----------------|--------------|
|  |                | Trademark right       | Patent and know-how | Franchise rights | Right to use software and others |               |                |              |
| (1) Disposal                             | 3,035,596.91   | -                     | -                   | -                | -                                | -             | -              | 3,035,596.91 |
| (2) decrease of losing controlling right | -              | -                     | -                   | -                | 7,744.26                         | 7,744.26      | 7,744.26       | 7,744.26     |
| 4. Ending balance                        | 43,912,494.17  | 5,364,671.49          | 46,554,634.88       | 8,884,050.00     | 39,028,180.83                    | 99,831,537.20 | 143,744,031.37 |              |
| III. Depreciation reserves               |                |                       |                     |                  |                                  |               |                |              |
| 1. Beginning balance                     | -              | -                     | 2,901,082.61        | -                | -                                | 2,901,082.61  | 2,901,082.61   |              |
| 2. Increased amount of the period        | -              | -                     | -                   | -                | -                                | -             | -              | -            |
| (1) Withdrawal                           | -              | -                     | -                   | -                | -                                | -             | -              | -            |
| (2) increase of business combination     | -              | -                     | -                   | -                | -                                | -             | -              | -            |
| 3. Decreased amount of the period        | -              | -                     | -                   | -                | -                                | -             | -              | -            |
| (1) Disposal                             | -              | -                     | -                   | -                | -                                | -             | -              | -            |
| (2) decrease of losing controlling right | -              | -                     | -                   | -                | -                                | -             | -              | -            |

| Item                        | Land use right        | Intellectual property |                       |                       |                                  |                       | Subtotal              | Total |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|-----------------------|-----------------------|-------|
|                             |                       | Trademark right       | Patent and know-how   | Franchise rights      | Right to use software and others |                       |                       |       |
| 4. Ending balance           | -                     | -                     | 2,901,082.61          | -                     | -                                | 2,901,082.61          | 2,901,082.61          |       |
| IV. Carrying value          |                       |                       |                       |                       |                                  |                       |                       |       |
| 1. Ending carrying value    | <b>467,806,382.74</b> | <b>42,125,490.21</b>  | <b>146,036,134.25</b> | <b>102,166,575.01</b> | <b>40,186,255.07</b>             | <b>330,514,454.54</b> | <b>798,320,837.28</b> |       |
| 2. Beginning carrying value | <b>399,878,521.97</b> | <b>42,125,490.21</b>  | <b>146,296,459.69</b> | <b>104,387,587.51</b> | <b>45,088,626.96</b>             | <b>337,898,164.37</b> | <b>737,776,686.34</b> |       |

**(2) Land Use Right with Certificate of Title Uncompleted**

| Item   | Carrying value | Reason           |
|--|----------------|------------------|
| Land usage right of the subsidiary Nanocrystalline | 5,401,491.41   | Under processing |

**(3) Significant Intangible Assets**

| Item  | Ending carrying value | Remaining amortization period |
|---|-----------------------|-------------------------------|
| Franchise rights of sewage treatment in Laizhou         | 102,166,575.01        | 23.00                         |
| Various patent right of Jiangxi Konka                   | 92,117,647.06         | 5.17                          |
| Land usage right of XGY (2006) No. 04049                | 72,612,368.45         | 37.25                         |
| Land usage right of Guangming land parcel No. A518-0103 | 38,694,416.25         | 24.83                         |
| Right to use the trademark of Frestec                   | 37,786,666.67         | 9.08                          |

**(4) Intangible Assets with restricted ownership or using right**

| Item  | Ending carrying value | Reasons                 |
|---|-----------------------|-------------------------|
| Land usage right of XingDa HongYe                     | 37,464,602.72         | Mortgage loan of land   |
| Land usage right of Jiangxi Konka                     | 2,285,918.26          | Mortgage loan of land   |
| Land usage right of Yinbin Konka                      | 13,959,352.66         | Land mortgage guarantee |
| Land usage right of Konka Guangming Technology Center | 38,694,416.25         | Mortgage loan of land   |
| Land usage right of Frestec                           | 45,651,427.59         | Mortgage loan of land   |

**21. Goodwill****(1) Original Carrying Value of Goodwill**

| Name of the investees or the events formed goodwill | Beginning balance     | Increased                            |       | Decreased |       | Ending balance        |
|---|-----------------------|--------------------------------------|-------|-----------|-------|-----------------------|
|   |                       | Formed from the business combination | Other | Dispose   | Other |                       |
| Anhui Konka   | 3,597,657.15          | -                                    | -     | -         | -     | 3,597,657.15          |
| Econ Technology                                     | 467,825,151.34        | -                                    | -     | -         | -     | 467,825,151.34        |
| Jiangxi konka                                       | 340,111,933.01        | -                                    | -     | -         | -     | 340,111,933.01        |
| XingDa HongYe                                       | 44,156,682.25         | -                                    | -     | -         | -     | 44,156,682.25         |
| Total   | <b>855,691,423.75</b> | -                                    | -     | -         | -     | <b>855,691,423.75</b> |

**(2) Provisions for Goodwill Impairment**

| Name of the investees or the events formed goodwill | Beginning balance | Increased  |       | Decreased |       | Ending balance |
|---|-------------------|------------|-------|-----------|-------|----------------|
|   |                   | Withdrawal | Other | Dispose   | Other |                |
| Anhui Konka   | -                 | -          | -     | -         | -     | -              |
| Econ Technology                                     | -                 | -          | -     | -         | -     | -              |
| Jiangxi konka                                       | -                 | -          | -     | -         | -     | -              |
| XingDa HongYe                                       | -                 | -          | -     | -         | -     | -              |
| Total   | -                 | -          | -     | -         | -     | -              |

## 22. Long-term Deferred Expenses

| Item             | Beginning balance | Increased amount | Amortization amount | Decrease due to lose of control power | Ending amount  |
|------------------|-------------------|------------------|---------------------|---------------------------------------|----------------|
| Renovation costs | 34,904,540.12     | 4,129,481.90     | 5,558,634.30        | -                                     | 33,475,387.72  |
| Shoppe expense   | 61,368,072.24     | 19,824,349.40    | 27,227,161.65       | -                                     | 53,965,259.99  |
| Other            | 14,950,814.41     | 9,230,556.30     | 10,517,404.08       | -                                     | 13,663,966.63  |
| Total            | 111,223,426.77    | 33,184,387.60    | 43,303,200.03       | -                                     | 101,104,614.34 |

## 23. Deferred Income Tax Assets/Deferred Income Tax Liabilities

### (1) Deferred Income Tax Assets without Offset

| Item                              | Ending balance                  |                            | Beginning balance               |                            |
|-----------------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
|                                   | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
| Deductible losses                 | 2,014,479,689.25                | 510,499,204.16             | 1,358,336,470.51                | 336,401,597.67             |
| Assets impairment provision       | 931,622,631.11                  | 224,775,481.79             | 936,009,764.81                  | 226,316,093.63             |
| Deferred income                   | 68,481,479.04                   | 18,565,204.82              | 85,456,786.55                   | 20,389,065.68              |
| Accrued expenses                  | 53,582,508.96                   | 18,823,248.72              | 72,865,789.50                   | 17,320,299.04              |
| Unrealized internal sales profits | 71,832,827.52                   | 8,979,103.44               | 35,916,413.76                   | 8,979,103.44               |
| others                            | 111,345,976.27                  | 28,692,504.50              | 123,082,867.34                  | 30,027,794.84              |
| Total                             | 3,251,345,112.17                | 810,334,747.43             | 2,611,668,092.47                | 639,433,954.30             |

### (2) Lists of Deferred Income Tax Liabilities without Offset

| Item | Ending balance | Beginning balance |
|------|----------------|-------------------|
|------|----------------|-------------------|

|  | Taxable temporary difference | Deferred income tax liabilities | Taxable temporary difference | Deferred income tax liabilities |
|--|------------------------------|---------------------------------|------------------------------|---------------------------------|
| Estimated added value not under the same control | 594,933,512.81               | 118,871,107.71                  | 597,961,840.34               | 119,325,356.84                  |
| Prepaid interest                                 | 90,371,653.88                | 22,592,913.47                   | 71,719,199.88                | 17,929,799.97                   |
| Accelerated depreciation of fixed assets         | 5,826,060.67                 | 873,909.10                      | 5,929,959.47                 | 889,493.92                      |
| Change in fair value of trading financial assets | -                            | -                               | 3,005,381.67                 | 751,345.42                      |
| Other  | 8,496,388.76                 | 2,124,097.19                    | 8,496,388.76                 | 2,124,097.19                    |
| <b>Total</b>                                     | <b>699,627,616.12</b>        | <b>144,462,027.47</b>           | <b>687,112,770.12</b>        | <b>141,020,093.34</b>           |

### (3) List of Unrecognized Deferred Income Tax Assets

| Item                            | Ending balance          | Beginning balance       |
|---------------------------------|-------------------------|-------------------------|
| Deductible losses               | 2,652,826,212.81        | 2,688,310,555.91        |
| Deductible temporary difference | 568,390,308.42          | 294,734,548.10          |
| <b>Total</b>                    | <b>3,221,216,521.23</b> | <b>2,983,045,104.01</b> |

## 24. Other Non-current Assets

| Item  | Ending balance        | Beginning balance     |
|---|-----------------------|-----------------------|
| Orient Konka no.1 (zhuhai) private equity investment fund (limited partnership) | 265,516,500.31        | 158,810,750.31        |
| Entrusted loans   | 120,000,000.00        | 120,000,000.00        |
| Construction of government projects   | 37,975,365.16         | 41,410,334.97         |
| Prepayment for house-purchase   | 24,003,225.05         | 10,099,279.84         |
| Prepayment for equipment  | -                     | 6,497,317.32          |
| Yantai Econ Business Management Center (LLP)                                    | 647,814.39            | 647,814.39            |
| Other   | 12,193.56             | 12,193.56             |
| <b>Total</b>  | <b>448,155,098.47</b> | <b>337,477,690.39</b> |

## 25. Short-term Borrowings

| Item                         | Ending balance    | Beginning balance |
|------------------------------|-------------------|-------------------|
| Credit loan                  | 12,251,505,460.85 | 12,471,968,199.93 |
| Guaranteed loan              | 12,251,505,460.85 | 12,471,968,199.93 |
| Mortgage loan (note ① and ②) | 699,162,352.25    | 1,113,964,731.70  |



| Item   | Ending balance | Beginning balance |
|--|----------------|-------------------|
| Pledged loan                                 | 93,000,000.00  | 30,000,000.00     |
| A loan secured, pledged, or pledged (note ③) |                |                   |
| Total  | 120,000,000.00 | 268,200,000.00    |

Note: ① With the carrying value of RMB82,959,836.52 as the collateral of the second phase plant, Dongguan Konka obtained the loan of RMB70,000,000.00 from the Dongguan Branch of Industrial Bank Co., Ltd.

② With the carrying value of RMB77,406,897.99 for plant and equipment, the land use right of RMB2,285,918.26, Jiangxi Konka obtained the loan of RMB23,000,000.00 from the sales department of Jiangxi Yongxiu Rural Commercial Bank Co., Ltd.

③ With carrying value of RMB56,193,626.65 for plant and buildings, land use right of RMB37,464,602.72, and RMB19,800,000.00 unit certificates of deposit as collateral, and Shanghai Xinfeng Zhuoqun PCB Co., Ltd. Hu Zehong and Konka Group provide maximum amount guarantee, Xingda Hongye obtained mortgage loan RMB120,000,000.00 respectively from the Husha Branch of the agricultural bank of Zhongshan and Zhongshan Branch of Industrial Bank Co., Ltd.

## 26. Financial Liabilities at Fair Value through Profit or Loss

| Item                              | Ending balance | Beginning balance |
|-----------------------------------|----------------|-------------------|
| Loss of forward exchange contract | -              | 2,459,603.25      |
| Total                             | -              | 2,459,603.25      |

## 27. Notes Payable

| Category               | Ending balance   | Beginning balance |
|------------------------|------------------|-------------------|
| Trade acceptance       | 1,007,887,109.01 | 131,907,909.16    |
| Bank's acceptance bill | 101,594,731.83   | 730,422,780.31    |
| Total                  | 1,109,481,840.84 | 862,330,689.47    |

## 28. Accounts Payable

| Item          | Ending balance   | Beginning balance |
|---------------|------------------|-------------------|
| Within 1 year | 4,272,706,388.36 | 4,041,645,573.26  |
| 1 to 2 years  | 385,880,356.75   | 262,217,987.99    |
| 2 to 3 years  | 12,703,076.60    | 12,677,653.94     |

| Item         | Ending balance          | Beginning balance       |
|--------------|-------------------------|-------------------------|
| Over 3 years | 30,574,622.38           | 46,181,835.14           |
| <b>Total</b> | <b>4,701,864,444.09</b> | <b>4,362,723,050.33</b> |

### (1) Significant Accounts Payable Aging over One Year

| Item                    | Ending balance        | Unpaid/ Un-carry-over reason  |
|-------------------------|-----------------------|-------------------------------|
| Estimated project funds | 193,700,604.12        | Settlement conditions not met |
| <b>Total</b>            | <b>193,700,604.12</b> |                               |

## 29. Advances from Customers

### (1) List of Advances from Customers

| Item          | Ending balance        | Beginning balance     |
|---------------|-----------------------|-----------------------|
| Within 1 year | 806,357,448.30        | 654,982,234.51        |
| 1 to 2 years  | 38,492,927.46         | 32,910,085.56         |
| 2 to 3 years  | 23,174,286.19         | 13,172,633.37         |
| Over 3 years  | 26,764,583.93         | 22,162,575.76         |
| <b>Total</b>  | <b>894,789,245.88</b> | <b>723,227,529.20</b> |

### (2) Significant Advances from Customers Aging over One Year

| Item   | Ending balance       | Unpaid/ Un-carry-over reason  |
|--|----------------------|-------------------------------|
| Dongguan Konka Mould Plastic Co., Ltd.                             | 24,974,635.75        | Settlement conditions not met |
| Shenzhen Konka Video & Communication Systems Engineering Co., Ltd. | 15,357,854.41        | Settlement conditions not met |
| <b>Total</b>   | <b>40,332,490.16</b> | —                             |

**30. Payroll Payable****(1) List of Payroll Payable**

| Item   | Beginning balance     | Increase              | Increase by merger | Decrease              | Decrease by losing controlling right | Ending balance        |
|--|-----------------------|-----------------------|--------------------|-----------------------|--------------------------------------|-----------------------|
| I. Short-term salary                                   | 375,284,193.12        | 609,982,040.88        | -                  | 772,315,202.61        | -                                    | 212,951,031.39        |
| II. Post-employment benefit-defined contribution plans | 1,222,374.59          | 58,521,529.93         | -                  | 53,960,054.44         | -                                    | 5,783,850.08          |
| III. Termination benefits                              | -                     | 6,739,415.57          | -                  | 6,499,670.26          | -                                    | 239,745.31            |
| IV. Current portion of other benefits                  | -                     | -                     | -                  | -                     | -                                    | -                     |
| <b>Total</b>   | <b>376,506,567.71</b> | <b>675,242,986.38</b> | <b>-</b>           | <b>832,774,927.31</b> | <b>-</b>                             | <b>218,974,626.78</b> |

**(2) List of Short-term Salary**

| Item                                 | Beginning balance | Increase       | Increase by merger | Decrease       | Decrease by losing controlling right | Ending balance |
|--------------------------------------|-------------------|----------------|--------------------|----------------|--------------------------------------|----------------|
| 1. Salary, bonus, allowance, subsidy | 359,657,745.92    | 524,509,522.16 | -                  | 695,110,153.57 | -                                    | 189,057,114.51 |
| 2. Employee welfare                  | 5,620,738.67      | 31,239,364.35  | -                  | 26,554,552.11  | -                                    | 10,305,550.91  |
| 3. Social insurance                  | 3,138,171.50      | 26,874,149.31  | -                  | 25,012,490.96  | -                                    | 4,999,829.85   |
| Of which: Medical insurance premiums | 768,410.84        | 22,423,240.02  | -                  | 21,306,477.10  | -                                    | 1,885,173.76   |

| Item  | Beginning balance     | Increase              | Increase by merger | Decrease              | Decrease by losing controlling right | Ending balance        |
|---|-----------------------|-----------------------|--------------------|-----------------------|--------------------------------------|-----------------------|
| Work-related injury insurance                       | 160,343.82            | 2,321,254.48          | -                  | 1,955,714.10          | -                                    | 525,884.20            |
| Maternity insurance                                 | 2,209,416.84          | 2,129,654.81          | -                  | 1,750,299.76          | -                                    | 2,588,771.89          |
| 4. Housing fund                                     | 545,498.50            | 13,372,934.62         | -                  | 12,709,474.05         | -                                    | 1,208,959.07          |
| 5. Labor union budget and employee education budget | 5,581,101.82          | 6,014,093.75          | -                  | 5,180,035.61          | -                                    | 6,415,159.96          |
| 6. Short-term absence with payment                  | -                     | -                     | -                  | -                     | -                                    | -                     |
| 7. Short-term profit sharing plan                   | -                     | -                     | -                  | -                     | -                                    | -                     |
| 8. Other  | 740,936.71            | 7,971,976.69          | -                  | 7,748,496.31          | -                                    | 964,417.09            |
| <b>Total</b>  | <b>375,284,193.12</b> | <b>609,982,040.88</b> | <b>-</b>           | <b>772,315,202.61</b> | <b>-</b>                             | <b>212,951,031.39</b> |

## (3) List of Defined Contribution Plan

| Item                      | Beginning balance | Increase      | Increase by merger | Decrease      | Decrease by losing controlling right | Ending balance |
|---------------------------|-------------------|---------------|--------------------|---------------|--------------------------------------|----------------|
| 1. Basic pension benefits | 1,147,799.70      | 56,897,467.97 | -                  | 52,418,177.12 | -                                    | 5,627,090.55   |

| Item                     | Beginning balance   | Increase             | Increase by merger | Decrease             | Decrease by losing controlling right | Ending balance      |
|--------------------------|---------------------|----------------------|--------------------|----------------------|--------------------------------------|---------------------|
| 2.Unemployment insurance | 74,574.89           | 1,624,061.96         | -                  | 1,541,877.32         | -                                    | 156,759.53          |
| 3. Annuity               | -                   | -                    | -                  | -                    | -                                    | -                   |
| <b>Total</b>             | <b>1,222,374.59</b> | <b>58,521,529.93</b> | -                  | <b>53,960,054.44</b> | -                                    | <b>5,783,850.08</b> |

The Company, in line with the requirement, participate the endowment insurance, unemployment insurance scheme and so on, according to the scheme, the Company monthly pay to the scheme in line with requirements of local government, except the monthly payment, the Company no longer shoulder the further payment obligation, the relevant expense occurred was recorded into current profits and losses or related assets costs.

**31. Taxes Payable**

| Item  | Ending balance        | Beginning balance     |
|---|-----------------------|-----------------------|
| VAT   | 77,338,847.17         | 127,267,736.84        |
| Corporate income tax  | 166,768,782.17        | 111,659,382.84        |
| Urban maintenance and construction tax  | 2,495,329.00          | 9,508,557.03          |
| Education fees and local education Surcharge  | 1,889,136.85          | 6,842,959.97          |
| Land use tax  | 3,551,531.59          | 3,390,503.70          |
| Stamp duty  | 1,729,951.92          | 3,162,037.00          |
| Tariff  | 2,773,064.22          | 2,867,887.18          |
| Real estate tax   | 4,055,897.45          | 2,444,284.96          |
| Personal income tax   | 4,206,104.39          | 1,757,048.49          |
| Fund for disposing abandoned appliances and electronic products                                   | 12,507,440.50         | 16,496,706.00         |
| Flood control fund, fund for embankment, fund for water conservancy and fund for river management | 534,177.01            | 1,057,937.59          |
| Business tax  | 401,823.10            | 401,823.10            |
| Other   | 372,575.80            | 1,147,327.74          |
| <b>Total</b>  | <b>278,624,661.17</b> | <b>288,004,192.44</b> |

**32. Other Payables**

| Item             | Ending balance          | Beginning balance       |
|------------------|-------------------------|-------------------------|
| Interest payable | 99,998,242.67           | 27,230,631.41           |
| Dividend payable | 240,794,540.80          | -                       |
| Other payables   | 2,026,237,321.94        | 1,997,426,646.33        |
| <b>Total</b>     | <b>2,367,030,105.41</b> | <b>2,024,657,277.74</b> |

**(1) Interest Payable**

| Item                   | Ending balance       | Beginning balance    |
|------------------------|----------------------|----------------------|
| Interest on borrowings | 99,998,242.67        | 27,230,631.41        |
| <b>Total</b>           | <b>99,998,242.67</b> | <b>27,230,631.41</b> |

**(2) Dividend payable**

| Item                   | Ending balance        | Beginning balance |
|------------------------|-----------------------|-------------------|
| Common stock dividends | 240,794,540.80        | -                 |
| <b>Total</b>           | <b>240,794,540.80</b> | —                 |

### (3) Other Payables

#### ① Listed by Nature of Account

| Item                    | Ending balance          | Beginning balance       |
|-------------------------|-------------------------|-------------------------|
| Expenses payable        | 977,559,070.21          | 971,679,417.48          |
| Come-and-go money       | 316,444,017.28          | 280,592,078.50          |
| Equity transfer payment | 380,180,000.00          | 380,180,000.00          |
| deposit                 | 225,052,021.81          | 196,746,104.46          |
| Related party borrowing | 78,849,048.66           | 108,233,202.82          |
| Generation of advances  | 34,596,993.19           | 49,796,310.13           |
| Other                   | 13,556,170.79           | 10,199,532.94           |
| <b>Total</b>            | <b>2,026,237,321.94</b> | <b>1,997,426,646.33</b> |

#### ② Other Significant Payables Aging over One Year

| Item   | Ending balance       | Unpaid/Un-carry-over reason |
|--|----------------------|-----------------------------|
| National energy-saving and benefiting people | 89,960,000.00        | Not paid                    |
| <b>Total</b>                                 | <b>89,960,000.00</b> | —                           |

### 33. Current Portion of Non-current Liabilities

| Item   | Ending balance       | Beginning balance     |
|--|----------------------|-----------------------|
| Current portion of long-term borrowings (Note VI-34) | -                    | 40,000,000.00         |
| Current portion of long-term payables (Note VI-36)   | 14,095,773.04        | 111,792,404.13        |
| <b>Total</b>   | <b>14,095,773.04</b> | <b>151,792,404.13</b> |

### 34. Long-term Borrowings

| Item                                   | Ending balance | Beginning balance |
|--|----------------|-------------------|
| Credit loan                            | 457,300,000.00 | 285,000,000.00    |
| Pledge loan                            | 400,000,000.00 |                   |
| Mortgage guarantee loan (Note ①,③)     | 150,000,000.00 | 50,000,000.00     |
| Pledge guarantee loan (Note ②)         | 147,400,000.00 | 150,000,000.00    |
| Garantee moergage pledge loan (Note ④) | 130,000,000.00 |                   |
| Less: Current portion (Note VI-33)     | -              | 40,000,000.00     |

| Item  | Ending balance   | Beginning balance |
|-------|------------------|-------------------|
| Total | 1,284,700,000.00 | 445,000,000.00    |

Note:①Sichuan Konka took the land use right with carrying value of RMB13,959,352.66 as the mortgage, and Communication Technology provided joint and several liability guarantee for the loan, and obtained the entrusted loan of RMB50 million from Sichuan Gangrong Investment and Development Group Co., Ltd.

② The Subsidiary of Econ Technology, Rushan Yike Environmental Management Co., Ltd. obtained the borrowing of RMB290 million from Yantai Economic Development Zone Sub-branch of China Everbright Bank with the length of maturity from 29 December 2016 to 28 December 2026. The accounts receivable of government procurement of Rushan Finance Bureau was taken as the pledge during the 29 December 2016 to 28 December 2026. Econ Technology provided the joint liability guaranty at the same time. As of June 30, 2019, the actual borrowings was RMB14,740.00.

③ Konka Group took the land use right of Guangming Science and Technology Center with the carrying value of RMB38,694,416.25 as the pledge, and obtained the long-term borrowing of RMB10 million form Shenzhen Branch of Guangdong Huaxing Bank Co., Ltd.

④ Anhui Konka took the plants with carrying value of RMB145,466,005.9 and land use right with carrying value of RMB45,651,427.59 as mortgage, and Konka Group provided the joint liability guaranty, and obtained the borrowing of RMB13 million from Ma'anshan Branch of China Minsheng Bank Co., Ltd.

### 35. Bonds Payable

#### (1) List of Bonds Payable

| Item                                | Ending balance   | Same period of last year |
|-------------------------------------|------------------|--------------------------|
| Non-public offering corporate bonds | 3,489,910,901.50 | -                        |
| Total                               | 3,489,910,901.50 | -                        |

#### (2) Increase/Decrease of Bonds Payable (Excluding Other Financial Instrument Classified as Financial Liabilities such as Preferred Shares and Perpetual Bonds)

| Bonds name | Par value        | Issuing date    | Duration  | Issuing amount   | Beginning balance |
|------------|------------------|-----------------|-----------|------------------|-------------------|
| 19Konka01  | 1,000,000,000.00 | 14 January 2019 | 2+1 years | 996,500,000.00   | -                 |
| 19Konka02  | 1,500,000,000.00 | 14 January 2019 | 3 years   | 1,494,750,000.00 | -                 |
| 19Konka03  | 500,000,000.00   | 3 June 2019     | 2+1 years | 498,250,000.00   | -                 |
| 19Konka04  | 500,000,000.00   | 3 June 2019     | 3 years   | 498,250,000.00   | -                 |



|       |                  |   |   |                  |   |
|-------|------------------|---|---|------------------|---|
| Total | 3,500,000,000.00 | — | — | 3,487,750,000.00 | - |
|-------|------------------|---|---|------------------|---|

(Continued)

| Bonds name | The current issue | Withdrawal of interest by par value | Amortization of premium and depreciation | Repayment in the Reporting Period | Ending balance   |
|------------|-------------------|-------------------------------------|--|-----------------------------------|------------------|
| 19Konka01  | 996,500,000.00    | 23,194,444.46                       | 748,427.69                               | -                                 | 997,248,427.69   |
| 19Konka02  | 1,494,750,000.00  | 34,791,666.66                       | 1,122,641.53                             | -                                 | 1,495,872,641.53 |
| 19Konka03  | 498,250,000.00    | 1,750,000.00                        | 144,916.14                               | -                                 | 498,394,916.14   |
| 19Konka04  | 498,250,000.00    | 1,827,777.78                        | 144,916.14                               | -                                 | 498,394,916.14   |
| Total      | 3,487,750,000.00  | 61,563,888.90                       | 2,160,901.50                             | -                                 | 3,489,910,901.50 |

### 36. Long-term Payables

| Item                               | Ending balance | Beginning balance |
|------------------------------------|----------------|-------------------|
| Accrued financing lease outlay     | 237,618,009.57 | 240,167,001.54    |
| Less: Current portion (Note VI-33) | 14,095,773.04  | 111,792,404.13    |
| Total                              | 223,522,236.53 | 128,374,597.41    |

### 37. Long-term Payroll Payable

#### (1) List of Long-term Payroll Payable

| Item  | Ending balance | Beginning balance |
|---|----------------|-------------------|
| I. Termination benefits-net liabilities of defined contribution plans | 5,670,450.62   | 8,792,614.98      |
| II. Termination benefits  | -              | -                 |
| III. Other long-term welfare  | -              | -                 |
| Total   | 5,670,450.62   | 8,792,614.98      |

#### (2) Changes in Defined Benefit Plans

##### ① Obligation present value of defined benefit plans:

| Item  | Reporting period | Same period of last year |
|---|------------------|--------------------------|
| I. Beginning balance  | 8,792,614.98     | 13,361,821.86            |
| II. Defined benefit cost recorded into current profits and losses | -                | -                        |
| 1. Current service cost   | -                | -                        |

| Item  | Reporting period    | Same period of last year |
|---|---------------------|--------------------------|
| 2. Previous service cost  | -                   | -                        |
| 3. Settlement gains (“—” for loss)  | -                   | -                        |
| 4. Net interest   | -                   | -                        |
| III. The cost of defined benefit recorded into other comprehensive income | -                   | -                        |
| 1. Actuarial gains (“—” for loss)   | -                   | -                        |
| IV. Other changes   | 3,122,164.36        | 1,921,578.32             |
| 1. Consideration paid when settled  | -                   | -                        |
| 2. Welfare paid   | 3,122,164.36        | 1,921,578.32             |
| V. Ending balance   | <b>5,670,450.62</b> | <b>11,440,243.54</b>     |

② Notes to the influence of the content and related risk of defined benefit pension schemes to the future cash flows, time and uncertainty of the Company:

Due to upgrading and reconstruction of current work sites of the subsidiary, Telecommunication Technology, it is to adjust the labor relations according to Implementation Measures for Accompanying Employees in manufacturing system of Shenzhen Konka Telecommunication Technology Co., Ltd. On the premise to balance the Company’ and employees’ benefits and voluntary selection, Telecommunication Technology provides early retirement plans for senior employees (employed before 31 December 1990 and signed non-fixed term labor contract with the Company or Communication Technology).

The accumulative compensation paid to the internal early retirement pensions in future year is RMB34,931,714.55, the Company in line with Agreement of Internal Early Retirement Pension, in line with the standard of salary remaining the same, turnover rate of 0, the mortality rate of, fix standard of social security base payment remaining the same to test the present worth of defined benefit plans. The actual payment for the employee is influence by the actual turnover rate, death rate and the changes of minimum cardinality of social security.

③ Notes to Actuarial Assumptions and Sensibility Analysis Result of Defined Benefit Pension Schemes

| Significant assumptions estimated | Period-end of Reporting Period    | Period-end of last year |
|-----------------------------------|-----------------------------------|-------------------------|
| Discount rate                     | Treasury bond rate in Same period | —                       |
| Death rate                        | 0%                                | —                       |

|                                   |                         |   |
|-----------------------------------|-------------------------|---|
| Expected average life expectancy  | Over legal emeritus age | — |
| Expected compensation growth rate | 0%                      | — |

### 38. Provisions

| Item                | Beginning balance    | Ending balance      | Reason for formation   |
|---------------------|----------------------|---------------------|------------------------|
| Pending litigations | 21,566,306.86        | -                   | Litigation (Note)      |
| Other               | 206,591.51           | 1,597,591.51        | Contract consideration |
| <b>Total</b>        | <b>21,772,898.37</b> | <b>1,597,591.51</b> | —                      |

**39. Deferred Income**

| Item                 | Beginning balance     | Increase              | Decrease             | Decrease by losing controlling right | Ending balance        | Reason for formation                |
|----------------------|-----------------------|-----------------------|----------------------|--------------------------------------|-----------------------|-------------------------------------|
| Government subsidies | 112,899,128.24        | 111,514,600.00        | 16,980,258.41        | 124,999.94                           | 207,308,469.89        | Related to assets/related to income |
| <b>Total</b>         | <b>112,899,128.24</b> | <b>111,514,600.00</b> | <b>16,980,258.41</b> | <b>124,999.94</b>                    | <b>207,308,469.89</b> | —                                   |

Of which, items related to government subsidies:

| Item  | Beginning balance | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount recorded into other income in the Reporting Period | Decrease by losing controlling right | Ending balance | Related to assets/related income |
|---|-------------------|-------------------------|---|---|--------------------------------------|----------------|----------------------------------|
| Special fund of Finance Bureau for digital television production line upgrading   | 399,999.84        | -                       | -   | 100,000.02  | -                                    | 299,999.82     | Related to assets                |
| Special fund for development of equipment manufacturing industry  | 320,940.00        | -                       | -   | 80,235.00   | -                                    | 240,705.00     | Related to assets                |
| Special fund for strategic emerging industry of Finance Bureau of Dongguan  | 1,800,000.00      | -                       | -   | 300,000.00  | -                                    | 1,500,000.00   | Related to assets                |
| A special subsidy granted by the Dongguan government for the transformation and upgrading of 16 groups of enterprises of processing trade | 23,220.00         | -                       | -   | 5,805.00  | -                                    | 17,415.00      | Related to assets                |
| Special fund for industrial structural adjustment   | 999,999.84        | -                       | -   | 100,000.02  | -                                    | 899,999.82     | Related to assets                |

| Item  | Beginning balance | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount recorded into other income in the Reporting Period | Decrease by losing controlling right | Ending balance | Related to assets/related income |
|---|-------------------|-------------------------|---|---|--------------------------------------|----------------|----------------------------------|
| Special fund of 2010-2012 industrial technology   | 1,260,000.00      | -                       | -   | 210,000.00  | -                                    | 1,050,000.00   | Related to assets                |
| Special fund of transformation of information and automation for traditional television production line | 4,797,149.98      | -                       | -   | 479,715.00  | -                                    | 4,317,434.98   | Related to assets                |
| Subsidy for R&D instrument of Chuzhou Economic Development Zone   | 149,316.57        | -                       | -   | 28,900.02   | -                                    | 120,416.55     | Related to assets                |
| Whole machine integration of module   | 1,575,000.00      | -                       | -   | 150,000.00  | -                                    | 1,425,000.00   | Related to assets                |
| Enterprise development project of provincial Economy and Information Technology Committee               | 676,666.56        | -                       | -   | 145,000.02  | -                                    | 531,666.54     | Related to assets                |
| Provincial subsidy for R&D instrument from Department of Science and Technology                         | 139,683.23        | -                       | -   | 28,900.02   | -                                    | 110,783.21     | Related to assets                |
| Provincial major special projects in 2017   | 1,880,000.00      | -                       | -   | 240,000.00  | -                                    | 1,640,000.00   | Related to assets                |
| Color smart TV manufacturing demonstration of digital workshop  | 166,666.80        | -                       | -   | 49,999.98   | -                                    | 116,666.82     | Related to assets                |
| R & D and industrialization of LED energy-saving IPTV   | 492,638.20        | -                       | -   | 123,159.48  | -                                    | 369,478.72     | Related to assets                |
| Subsidy for R&D instrument of Chuzhou Finance and Technology Bureau                                     | 208,083.17        | -                       | -   | 113,500.02  | -                                    | 94,583.15      | Related to assets                |

| Item   | Beginning balance | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount recorded into other income in the Reporting Period | Decrease by losing controlling right | Ending balance | Related to assets/related income |
|--|-------------------|-------------------------|---|---|--------------------------------------|----------------|----------------------------------|
| Subsidy for R&D instrument of Anhui Provincial Department of Finance               | 177,650.00        | -                       | -   | 96,900.00   | -                                    | 80,750.00      | Related to assets                |
| Subsidy for R&D instrument of Chuzhou Economic-Technological Development Area      | 435,083.21        | -                       | -   | 113,500.02  | -                                    | 321,583.19     | Related to assets                |
| R & D and industrialization of LCD modules (NDRC)                                  | 149,999.80        | -                       | -   | 25,000.02   | -                                    | 124,999.78     | Related to assets                |
| R & D and industrialization of LCD modules (Technology Bureau)                     | 300,000.20        | -                       | -   | 49,999.98   | -                                    | 250,000.22     | Related to assets                |
| Project of display terminal smart plant with new pattern based on NB-IOT           | 3,003,000.00      | -                       | -   | 409,500.00  | -                                    | 2,593,500.00   | Related to assets                |
| Cluster development zone of intelligent appliances                                 | 304,930.89        | -                       | -   | 79,547.22   | -                                    | 225,383.67     | Related to assets                |
| Subsidy for R&D instrument of Department of Science and Technology of Anhui        | 221,250.00        | -                       | -   | 22,500.00   | -                                    | 198,750.00     | Related to assets                |
| Subsidy for R&D instrument of Department of Science and Technology of Anhui (2018) | 47,200.00         | -                       | -   | 4,800.00  | -                                    | 42,400.00      | Related to assets                |
| Subsidy for transformation of environmental protection project                     | 59,000.00         | -                       | -   | 6,000.00  | -                                    | 53,000.00      | Related to assets                |
| Provincial special fund for robot project  | -                 | 900,000.00              | -   | 30,000.00   | -                                    | 870,000.00     | Related to assets                |
| New application service system of mobile smart terminal                            | 2,013,583.52      | -                       | -   | 373,899.96  | -                                    | 1,639,683.56   | Related to assets                |

| Item  | Beginning balance | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount recorded into other income in the Reporting Period | Decrease by losing controlling right | Ending balance | Related to assets/related income |
|---|-------------------|-------------------------|---|---|--------------------------------------|----------------|----------------------------------|
| R & D of key technologies of information safety system for mobile smart terminal                  | 1,315,187.04      | -                       | -   | 240,000.00  | -                                    | 1,075,187.04   | Related to assets                |
| Industrialization of mobile internet and 4 <sup>th</sup> generation mobile communication industry | 2,219,077.41      | -                       | -   | 267,895.02  | -                                    | 1,951,182.39   | Related to assets                |
| Deferred income—Mirror complex aluminum with high power and high heat-dissipation LED             | 26,959.57         | -                       | -   | 4,000.08  | -                                    | 22,959.49      | Related to assets                |
| Deferred income—Processing technology of thermal conductive metal plate                           | 53,249.88         | -                       | -   | 4,500.00  | -                                    | 48,749.88      | Related to assets                |
| Deferred income—Mirror complex aluminum with high power and high heat-dissipation COB-LED         | 59,133.78         | -                       | -   | 2,119.98  | -                                    | 57,013.80      | Related to assets                |
| Deferred income—PCB printing ink and anti-overflow knife coater                                   | 150,000.00        | -                       | -   | -   | -                                    | 150,000.00     | Related to assets                |
| Deferred income—Innovation of technology  | 168,981.80        | 200,000.00              | -   | 14,080.46   | -                                    | 354,901.34     | Related to assets                |
| Deferred income—Technology upgrade of high heat-dissipation and high accuracy PCB                 | -                 | 394,700.00              | -   | 47,196.08   | -                                    | 347,503.92     | Related to assets                |
| R&D for DID LCD video wall applicable for strange weather like rain, snow and haze, etc.          | 149,999.96        | -                       | -   | 25,000.02   | 124,999.94                           | -              | Related to assets                |
| Subsidy of China Merchants of Zhifu   | 8,500,000.06      | -                       | -   | 999,999.96  | -                                    | 7,500,000.10   | Related to assets                |
| Subsidy for Phase II of Konka Zhifu Life Science Innovation Center                                | -                 | 10,000,000.00           | -   | 4,999,999.99  | -                                    | 5,000,000.01   | Related to assets                |

| Item  | Beginning balance | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount recorded into other income in the Reporting Period | Decrease by losing controlling right | Ending balance | Related to assets/related income |
|---|-------------------|-------------------------|---|---|--------------------------------------|----------------|----------------------------------|
| Award of cars (Kaiyi) for Sichuan Konka as excellent enterprise--Harbor Administration Commission of Yibin  | -                 | 79,900.00               | -   | 1,119.54  | -                                    | 78,780.46      | Related to assets                |
| Audit adjustment--Special fund accounting for Rushan Yike   | 1,000,000.00      | -                       | -   | -   | -                                    | 1,000,000.00   | Related to assets                |
| Special fund of R&D center  | 1,750,000.00      | -                       | -   | -   | -                                    | 1,750,000.00   | Related to income                |
| Yuecaijiao (2018) No.47 notice of special fund for strengthening intellectual property protection /70% of Patent award (30% attributable to Huajin) | 200,000.00        | -60,000.00              | -   | -   | -                                    | 140,000.00     | Related to assets                |
| Research, development and industrialization of digital products of synergetic interconnection   | 2,600,000.00      | -                       | -   | -   | -                                    | 2,600,000.00   | Related to assets                |
| EFI system of automobile engine   | 320,000.00        | -                       | -   | -   | -                                    | 320,000.00     | Related to assets                |
| R & D and industrialization of Information Terminal based on the IGRS   | 1,400,000.00      | -                       | -   | -   | -                                    | 1,400,000.00   | Related to income                |
| Research, development and industrialization of Major technology of LED backlight FPTV   | 750,000.17        | -                       | -   | 499,999.98  | -                                    | 250,000.19     | Related to assets                |
| Provincial project of innovation platform in science and technology in Cooperation of Production,Teaching and Research                              | 448,000.00        | -                       | -   | 96,000.00   | -                                    | 352,000.00     | Related to assets                |



| Item   | Beginning balance | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount recorded into other income in the Reporting Period | Decrease by losing controlling right | Ending balance | Related to assets/related income |
|--|-------------------|-------------------------|---|---|--------------------------------------|----------------|----------------------------------|
| Digital smart TV with independent audio-visual standard of three networks combination        | 16,666.47         |                         |   | 16,666.47   |                                      | -              | Related to assets                |
| Multi-screen terminal products of three networks combination                                 | 560,000.09        |                         |   | 139,999.98  |                                      | 420,000.11     | Related to assets                |
| AVS/DRA terminal and matched core chip R & D   | 2,435,333.22      |                         |   | 645,333.57  |                                      | 1,789,999.65   | Related to assets                |
| Research, development and industrialization of new smart TV of man-machine interaction       | 1,577,067.83      |                         |   | 525,689.34  |                                      | 1,051,378.49   | Related to assets                |
| R & D and engineering of 3D TV Terminal  | 1,300,000.00      |                         |   |   |                                      | 1,300,000.00   | Related to assets                |
| User-centered videos with three networks combination   | 80,000.00         |                         |   |   |                                      | 80,000.00      | Related to assets                |
| Embedded OS development and terminal system development for TV application                   | 1,492,270.06      |                         |   | 229,579.98  |                                      | 1,262,690.08   | Related to assets                |
| Smart TV and system supporting platform of three networks combination                        | 666,666.80        |                         |   | 199,999.98  |                                      | 466,666.82     | Related to assets                |
| Research, production and industrialization smart terminal system of next-generation internet | 5,780,097.10      |                         |   | 990,873.78  |                                      | 4,789,223.32   | Related to assets                |
| Satellite Receiving Facility based on safe and reliable chips                                | 1,000,000.00      |                         |   |   |                                      | 1,000,000.00   | Related to assets                |
| Smart TV industrial chain of Konka Group Co., Ltd.   | 15,354,500.00     |                         |   | 2,247,000.00  |                                      | 13,107,500.00  | Related to assets                |

| Item  | Beginning balance | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount recorded into other income in the Reporting Period | Decrease by losing controlling right | Ending balance | Related to assets/related income |
|---|-------------------|-------------------------|---|---|--------------------------------------|----------------|----------------------------------|
| Glasses-free 3D Smart LCD TV with Multi-view and High Definition  | 1,500,000.00      |                         |   |   |                                      | 1,500,000.00   | Related to assets                |
| Research, development and industrialization project of new two-channel 3D smart TV  | 1,184,166.75      |                         |   | 202,999.98  |                                      | 981,166.77     | Related to assets                |
| Laboratory project of next-generation Konka multimedia terminal technology  | 3,500,000.06      |                         |   | 499,999.98  |                                      | 3,000,000.08   | Related to assets                |
| Project of circular economy and energy conservation and emission reduction for Konka R&D Building Intelligent Engineering | 390,000.00        |                         |   | 156,000.00  |                                      | 234,000.00     | Related to assets                |
| Comprehensive integration and innovation project of lean manufacturing implementation system                              | 2,100,000.00      |                         |   |   |                                      | 2,100,000.00   | Related to assets                |
| Real-time Synthesis of True 3D Video with Continuous Viewpoint  | 1,420,000.00      |                         |   |   |                                      | 1,420,000.00   | Related to assets                |
| R & D of UST Laser Projection Smart TV  | 1,375,000.00      |                         |   | 150,000.00  |                                      | 1,225,000.00   | Related to assets                |
| Funds of Shenzhen Industrial Design Center from Shenzhen Economic, Trade and Information in 2015                          | 3,000,000.00      |                         |   |   |                                      | 3,000,000.00   | Related to assets                |
| Konka Smart Home Project of Constructing Cloud Smart Control Platform   | 3,620,000.00      |                         |   | 361,999.98  |                                      | 3,258,000.02   | Related to assets                |
| Investment items located in the weak sector of Shenzhen industrial link in 2017   | 4,500,000.00      |                         |   |   |                                      | 4,500,000.00   | Related to assets                |

| Item   | Beginning balance     | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount recorded into other income in the Reporting Period | Decrease by losing controlling right | Ending balance        | Related to assets/related income |
|--|-----------------------|-------------------------|---|---|--------------------------------------|-----------------------|----------------------------------|
| Design and achievement transformation of surface OLED V9X series TV                    |                       | 100,000,000.00          |   |   |                                      | 100,000,000.00        | Related to assets                |
| Subsidy for renewal of old elevators in Nanshan District                               | 1,960,000.00          |                         |   |   |                                      | 1,960,000.00          | Related to assets                |
| R & D of double HDR OLED smart television and industrialization                        | 755,708.38            |                         |   | 45,342.48   |                                      | 710,365.90            | Related to assets                |
| R & D and industrialization of operation system for exploiting users based on big data | 13,300,000.00         |                         |   |   |                                      | 13,300,000.00         | Related to assets                |
| Total  | 1,320,000.00          |                         |   |   |                                      | 1,320,000.00          |                                  |
|  | <b>112,899,128.24</b> | <b>111,514,600.00</b>   | -   | <b>16,980,258.41</b>                                      | <b>124,999.94</b>                    | <b>207,308,469.89</b> |                                  |

#### 40. Share Capital

| Item              | Beginning balance | Increase/decrease (+/-) |              |                         |       |          | Ending balance   |
|-------------------|-------------------|-------------------------|--------------|-------------------------|-------|----------|------------------|
|                   |                   | New shares issued       | Bonus shares | Bonus issue from profit | Other | Subtotal |                  |
| The sum of shares | 2,407,945,408.00  | -                       | -            | -                       | -     | -        | 2,407,945,408.00 |

#### 41. Capital Reserves

| Item                   | Beginning balance | Increase      | Decrease | Ending balance |
|------------------------|-------------------|---------------|----------|----------------|
| Capital premium        | 7,393,378.55      | -             | -        | 7,393,378.55   |
| Other capital reserves | 200,963,245.66    | 29,405,337.77 | -        | 230,368,583.43 |

| Item  | Beginning balance | Increase      | Decrease | Ending balance |
|-------|-------------------|---------------|----------|----------------|
| Total | 208,356,624.21    | 29,405,337.77 | -        | 237,761,961.98 |

Note: Other capital reserves increase in the Reporting Period was mainly caused by the increase of RMB29,405,337.77 of non-controlling interests.

#### 42. Other Comprehensive Income

| Item   | Beginning balance | Reporting Period                             |  |                          |   |   | Ending balance |
|--|-------------------|--|--|--------------------------|---|---|----------------|
|  |                   | Income before taxation in the Current Period | Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period | Less: Income tax expense | Attributable to owners of the Company as the parent after tax | Attributable to non-controlling interests after tax |                |
| I. Items that will not be reclassified to profit or loss   |                   |  |  |                          | -4,800,000.00   | -   | -4,800,000.00  |
| Of which: Changes caused by remeasurements on defined benefit pension schemes                      |                   |  |  |                          |   |   | -              |
| Other comprehensive income that will not be reclassified to profit or loss under the equity method |                   |  |  |                          |   |   | -              |
| Changes in fair value of other equity instrument investment  |                   |  |  |                          | -4,800,000.00   |   | -4,800,000.00  |

| Item   | Beginning balance | Reporting Period                             |  |                          |   |   | Ending balance |
|--|-------------------|--|--|--------------------------|---|---|----------------|
|  |                   | Income before taxation in the Current Period | Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period | Less: Income tax expense | Attributable to owners of the Company as the parent after tax | Attributable to non-controlling interests after tax |                |
| Changes in fair value of enterprise credit risk  |                   |  |  |                          |   |   | -              |
| II. Items that will be reclassified to profit or loss  | -10,538,219.08    | 1,691,887.67                                 |  |                          | 1,140,113.31  | 551,774.36  | -9,398,105.77  |
| Of which: Other comprehensive income that will be reclassified to profit or loss under the equity method | -2,397,350.96     |  |  |                          |   |   | -2,397,350.96  |
| Changes in fair value of other equity instrument investment  |                   |  |  |                          |   |   |                |
| Amount of financial assets reclassified to other comprehensive income                                    |                   |  |  |                          |   |   |                |
| Impairment provision of other equity investment credit   |                   |  |  |                          |   |   |                |
| Reserve for cash flow hedges   |                   |  |  |                          |   |   |                |

| Item  | Beginning balance | Reporting Period                             |  |                          |   |   | Ending balance |
|---|-------------------|--|--|--------------------------|---|---|----------------|
|   |                   | Income before taxation in the Current Period | Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period | Less: Income tax expense | Attributable to owners of the Company as the parent after tax | Attributable to non-controlling interests after tax |                |
| Defferences arising from the translation of foreign currency denominated financial statements | -8,140,868.12     | 1,691,887.67                                 |  |                          | 1,140,113.31  | 551,774.36  | -7,000,754.81  |
| Total   | -10,538,219.08    | 1,691,887.67                                 | -  | -                        | -3,659,886.69   | 551,774.36  | -14,198,105.77 |

### 43.Special reserve

| Item                    | Beginning balance | Increase  | Decrease  | Ending balance |
|-------------------------|-------------------|-----------|-----------|----------------|
| Safety production costs | -                 | 97,613.57 | 25,876.49 | 71,737.08      |
| Total                   | -                 | 97,613.57 | 25,876.49 | 71,737.08      |

### 44. Surplus Reserves

| Item                           | Beginning balance | Increase | Decrease | Ending balance   |
|--------------------------------|-------------------|----------|----------|------------------|
| Statutory surplus reserves     | 973,502,519.62    |          |          | 973,502,519.62   |
| Discretionary surplus reserves | 254,062,265.57    |          |          | 254,062,265.57   |
| Total                          | 1,227,564,785.19  |          |          | 1,227,564,785.19 |

Note: Based on the regulations of the Corporation Law and Constitution, the Company should withdraw 10% of the statutory surplus reserves

according to the net profits. If the accumulated amount of the statutory surplus reserves exceeded the 50% of the registered capital, the Company could no more withdraw. The Company can withdraw the discretionary surplus reserves after withdrawing the statutory surplus reserves. The discretionary surplus reserves can be used to make up for the previous losses or to increase share capital once approved.

**45. Retained Earnings**

| Item  | Reporting Period        | Same period of last year |
|---|-------------------------|--------------------------|
| Beginning balance of retained earnings before adjustments                               | 4,271,408,192.21        | 4,260,125,492.57         |
| Total beginning balance of retained earnings before adjustments (increase+, decrease -) | -2,884,254.62           | -                        |
| Beginning balance of retained earnings after adjustments                                | 4,268,523,937.59        | 4,260,125,492.57         |
| Add: Net profit attributable to owners of the Company as the parent                     | 352,767,020.73          | 411,289,744.68           |
| Less: Withdrawal of statutory surplus reserves  | -                       | 9,919,910.40             |
| Withdrawal of discretionary surplus reserves  | -                       | -                        |
| Dividend of ordinary shares payable   | 240,794,540.80          | 390,087,134.64           |
| Ending retained earnings  | <b>4,380,496,417.52</b> | <b>4,271,408,192.21</b>  |

**46. Operating Revenue and Cost of Sales****(1) Operating Revenue and Cost of Sales**

| Item             | Reporting Period         |                          | Same period of last year |                          |
|------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                  | Operating revenue        | Cost of sales            | Operating revenue        | Cost of sales            |
| Main operations  | 25,704,875,805.21        | 24,429,634,915.92        | 16,803,504,680.73        | 15,789,523,498.53        |
| Other operations | 331,567,008.63           | 244,407,455.21           | 821,910,089.09           | 652,732,946.73           |
| <b>Total</b>     | <b>26,036,442,813.84</b> | <b>24,674,042,371.13</b> | <b>17,625,414,769.82</b> | <b>16,442,256,445.26</b> |

**(2) Main Operations (Classified by product)**

| Product name      | Reporting Period  |                  | Same period of last year |                  |
|-------------------|-------------------|------------------|--------------------------|------------------|
|                   | Operating revenue | Cost of sales    | Operating revenue        | Cost of sales    |
| Color TV business | 3,844,847,424.42  | 3,596,446,860.11 | 4,963,088,596.70         | 4,352,820,070.48 |
| Mobile phone      | 205,434,258.43    | 201,988,459.74   | 203,769,975.49           | 204,395,134.71   |



| Product name                            | Reporting Period         |                          | Same period of last year |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Operating revenue        | Cost of sales            | Operating revenue        | Cost of sales            |
| business                                |                          |                          |                          |                          |
| Consumer appliances business            | 1,637,709,425.79         | 1,345,643,531.66         | 1,084,381,984.51         | 892,338,557.03           |
| Environmental protection business       | 4,863,145,443.76         | 4,524,853,380.07         | 77,951,411.92            | 52,515,288.25            |
| Industry, trade and technology business | 14,549,000,969.03        | 14,359,602,494.69        | 10,008,880,630.62        | 9,925,786,697.58         |
| Other                                   | 604,738,283.78           | 401,100,189.64           | 465,432,081.49           | 361,667,750.48           |
| <b>Total</b>                            | <b>25,704,875,805.21</b> | <b>24,429,634,915.92</b> | <b>16,803,504,680.73</b> | <b>15,789,523,498.53</b> |

## (3) Main Operations (Classified by area)

| Area           | Reporting Period         |                          | Same period of last year |                          |
|----------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                | Operating revenue        | Cost of sales            | Operating revenue        | Cost of sales            |
| Domestic sales | 9,430,243,937.78         | 8,596,129,999.73         | 4,672,082,285.24         | 3,847,140,507.59         |
| Overseas sales | 16,274,631,867.43        | 15,833,504,916.19        | 12,131,422,395.49        | 11,942,382,990.94        |
| <b>Total</b>   | <b>25,704,875,805.21</b> | <b>24,429,634,915.92</b> | <b>16,803,504,680.73</b> | <b>15,789,523,498.53</b> |

## (4) Other Operations (Classified by product)

| Product name      | Reporting Period  |                | Same period of last year |                |
|-------------------|-------------------|----------------|--------------------------|----------------|
|                   | Operating revenue | Cost of sales  | Operating revenue        | Cost of sales  |
| Sale of materials | 155,282,907.18    | 160,515,894.69 | 461,460,767.54           | 463,125,455.40 |
| Maintenance cost  | 12,533,794.41     | 8,001,769.58   | 23,647,020.02            | 12,451,873.87  |
| Sale of waste     | 7,864,837.52      | 1,201,540.79   | 5,528,818.17             | 885,134.95     |
| Housing lease     | 50,641,453.21     | 3,277,652.49   | 55,541,441.82            | 7,877,581.44   |
| Other             | 105,244,016.31    | 71,410,597.66  | 275,732,041.54           | 168,392,901.07 |

| Product name | Reporting Period  |                | Same period of last year |                |
|--------------|-------------------|----------------|--------------------------|----------------|
|              | Operating revenue | Cost of sales  | Operating revenue        | Cost of sales  |
| Total        | 331,567,008.63    | 244,407,455.21 | 821,910,089.09           | 652,732,946.73 |

#### (5) Operating Revenue from Top 5 Customers

| Period            | Total operating revenue from top 5 customers | Proportion to operating revenue of Reporting Period (%) |
|-------------------|--|---|
| Jan.-June of 2019 | 8,057,091,490.94                             | 30.95   |
| Jan.-June of 2018 | 6,013,731,094.97                             | 35.79   |

#### 47. Taxes and Surtaxes

| Item                                   | Reporting Period | Same period of last year |
|--|------------------|--------------------------|
| Urban maintenance and construction tax | 7,641,459.23     | 7,615,970.19             |
| Stamp duty                             | 7,399,945.90     | 5,471,304.55             |
| Property tax                           | 4,863,382.63     | 2,268,252.08             |
| Land use tax                           | 9,986,924.23     | 4,628,137.36             |
| Education surcharge                    | 3,628,856.00     | 3,403,425.83             |
| Local education surcharge              | 2,800,185.32     | 2,284,037.36             |
| Water resources fund                   | 105,188.20       | 162,579.33               |
| Vehicle and vessels usage tax          | 19,798.20        | 3,180.00                 |
| Others                                 | 943,352.56       | 1,809,687.92             |
| Total                                  | 37,389,092.27    | 27,646,574.62            |

Note: Refer to Note V Taxation for details of the measurement standards of various taxes and surtaxes.

#### 48. Selling Expense

| Item                    | Reporting Period | Same period of last year |
|-------------------------|------------------|--------------------------|
| Salary                  | 153,382,205.33   | 175,774,224.21           |
| Advertising expense     | 193,996,682.54   | 161,559,044.17           |
| Promotional activities  | 276,681,334.75   | 339,904,932.61           |
| Logistic Fee            | 179,648,240.35   | 163,966,076.58           |
| Warranty fee            | 122,339,314.15   | 121,621,614.96           |
| Taxes and fund          | 333.90           | 179,335.16               |
| Business travel charges | 18,079,398.08    | 16,371,700.85            |

| Item                            | Reporting Period        | Same period of last year |
|---------------------------------|-------------------------|--------------------------|
| Exhibition expenses             | 13,239,462.76           | 11,801,713.36            |
| Rental charges                  | 15,818,675.70           | 15,783,834.11            |
| Business entertainment expenses | 8,951,109.32            | 16,785,389.71            |
| Other                           | 85,809,157.48           | 79,433,208.79            |
| <b>Total</b>                    | <b>1,067,945,914.36</b> | <b>1,103,181,074.51</b>  |

#### 49. Administrative Expense

| Item                            | Reporting Period      | Same period of last year |
|---------------------------------|-----------------------|--------------------------|
| Salary                          | 162,542,644.17        | 102,238,841.81           |
| Depreciation charge             | 43,538,977.71         | 30,392,140.28            |
| Consulting fees                 | 24,651,061.96         | 17,149,760.33            |
| Business entertainment expense  | 10,417,451.26         | 9,155,485.63             |
| Patent fee                      | 15,993,217.00         | 883,906.94               |
| Business travel charges         | 6,025,162.39          | 7,528,524.84             |
| Loss on scraping of inventories | 9,030,690.19          | 6,262.35                 |
| Water & electricity fees        | 6,809,831.29          | 4,538,405.21             |
| Other                           | 68,915,606.46         | 55,925,445.18            |
| <b>Total</b>                    | <b>347,924,642.43</b> | <b>227,818,772.57</b>    |

#### 50. R&D Expense

| Item   | Reporting Period      | Same period of last year |
|--|-----------------------|--------------------------|
| Salary                                       | 78,671,163.98         | 77,769,494.02            |
| Expenses on trial production of new products | 22,136,520.66         | 20,620,497.46            |
| Material drawing out                         | 29,590,093.60         | 12,709,189.86            |
| Depreciation and amortization                | 5,405,384.18          | 4,370,473.11             |
| Testing fees                                 | 2,119,728.64          | 4,849,393.59             |
| Information charges                          | 5,176,565.13          | 4,553,785.16             |
| Water & electricity fees                     | 2,117,684.38          | 2,907,580.11             |
| Business travel charges                      | 1,015,830.83          | 1,325,330.17             |
| Other  | 10,977,367.54         | 7,903,153.28             |
| <b>Total</b>                                 | <b>157,210,338.94</b> | <b>137,008,896.76</b>    |

#### 51. Finance Costs

| Item                            | Reporting Period      | Same period of last year |
|---------------------------------|-----------------------|--------------------------|
| Interest expense                | 529,683,836.52        | 138,646,255.45           |
| Less: Interest income           | 118,673,531.77        | 49,719,529.94            |
| Foreign exchange profit or loss | -26,237,313.27        | -72,148,811.10           |
| Other                           | 29,487,471.55         | 19,514,995.00            |
| <b>Total</b>                    | <b>414,260,463.03</b> | <b>36,292,909.41</b>     |

## 52. Credit Impairment Loss

| Item                                 | Reporting Period      | Same period of last year |
|--------------------------------------|-----------------------|--------------------------|
| Bad debt loss on accounts receivable | -41,432,285.18        | —                        |
| Bad debt loss on other receivables   | -8,183,816.17         | —                        |
| Bad debt loss on prepayments         | 139,877.59            | —                        |
| <b>Total</b>                         | <b>-49,476,223.76</b> |                          |

## 53. Asset Impairment Loss

| Item                         | Reporting Period      | Same period of last year |
|------------------------------|-----------------------|--------------------------|
| Bad debt loss                | —                     | -13,395,642.00           |
| Inventory falling price loss | -11,717,767.29        | -46,156,458.41           |
| <b>Total</b>                 | <b>-11,717,767.29</b> | <b>-59,552,100.41</b>    |

## 54. Other Income

| Item                         | Reporting Period      | Same period of last year | Amount recorded into the current non-recurring profit or loss |
|------------------------------|-----------------------|--------------------------|---|
| Rewards and subsidies        | 53,667,833.01         | 18,563,333.33            | 53,667,833.01   |
| Software tax rebates         | 23,063,806.91         | 34,848,961.96            | -   |
| Transfer of deferred income  | 16,980,258.41         | 12,105,088.11            | 16,980,258.41   |
| Support fund                 | 246,506,970.00        | 48,012,477.79            | 246,506,970.00  |
| L/C export subsidy           | 66,369.00             | 132,738.00               | 66,369.00   |
| Land tax rebates             | 3,186,200.00          | -                        | 3,186,200.00  |
| Post subsidies               | 326,832.56            | 3,229,884.31             | 326,832.56  |
| Other                        | 86,701.47             | 6,133,800.00             | 86,701.47   |
| <b>Rewards and subsidies</b> | <b>343,884,971.36</b> | <b>123,026,283.50</b>    | <b>320,821,164.45</b>   |

## 55. Investment Income

| Item  | Reporting Period      | Same period of last year |
|---|-----------------------|--------------------------|
| Long-term equity investment income measured by equity method                                | 8,541,274.56          | 6,075,182.59             |
| Investment income from disposal of long-term equity investment                              | 274,322,718.19        | 47,126,189.12            |
| Investment income from holding of financial assets at fair value through profit or loss     | —                     | -82,412,478.05           |
| Investment income from disposal of financial assets at fair value through profit or loss    | —                     | 13,740,000.00            |
| Investment income from holding of available-for-sale financial assets                       | —                     | 17,360,398.59            |
| Investment income from disposal of available-for-sale financial assets                      | 140,558,288.28        | 445,568,627.45           |
| Income from remeasurement of residual stock rights at fair value after losing control power | -10,285,883.02        | —                        |
| Income from purchase of financial products and entrust loans                                | 34,766,808.03         | —                        |
| Transfer of equity investment by equity method into financial assets                        | 111,257,821.88        | 84,300,652.01            |
| <b>Total</b>  | <b>559,161,027.92</b> | <b>531,758,571.71</b>    |

## 56. Gain on Changes in Fair Value

| Sources   | Reporting Period     | Same period of last year |
|---|----------------------|--------------------------|
| Financial assets at fair value through profit or loss                       | —                    | 59,855,412.48            |
| Of which: Gain on changes in fair value of derivative financial instruments | —                    | 59,855,412.48            |
| Trading financial assets  | -3,005,381.67        | —                        |
| <b>Total</b>  | <b>-3,005,381.67</b> | <b>59,855,412.48</b>     |

## 57. Asset Disposal Income

| Item                              | Reporting Period | Same period of last year | Amount recorded in the current non-recurring profit or loss |
|-----------------------------------|------------------|--------------------------|---|
| Fixed assets disposal income      | 199,561,596.99   | 89,814.27                | 199,561,596.99  |
| Intangible assets disposal income | 94,144,243.65    | 63,632,291.11            | 94,144,243.65   |

| Item  | Reporting Period      | Same period of last year | Amount recorded in the current non-recurring profit or loss |
|-------|-----------------------|--------------------------|---|
| Total | <b>293,705,840.64</b> | <b>63,722,105.38</b>     | <b>293,705,840.64</b>                                       |

### 58. Non-operating Income

| Item  | Reporting Period     | Same period of last year | Amount recorded in the current non-recurring profit or loss |
|---|----------------------|--------------------------|---|
| Gains on the damage and scrapping of non-current assets               | 193,548.46           | 94,061.30                | 193,548.46  |
| Government subsidies unrelated to the normal operation of the Company | -                    | 11,461,703.35            | -   |
| Compensation and penalty income                                       | 10,431,951.61        | 870,715.65               | 10,431,951.61   |
| Other   | 11,643,942.02        | 14,791,012.67            | 11,643,942.02   |
| Total   | <b>22,269,442.09</b> | <b>27,217,492.97</b>     | <b>22,269,442.09</b>  |

### Government Subsidies Recorded into Current Profit or Loss:

| Item                  | Reporting Period                   |                            |              | Same period of last year           |                            |              | Related to the assets/related to income |
|-----------------------|------------------------------------|----------------------------|--------------|------------------------------------|----------------------------|--------------|---|
|                       | Recorded into non-operating income | Recorded into other income | Offset costs | Recorded into non-operating income | Recorded into other income | Offset costs |   |
| Rewards and subsidies | -                                  | -                          | -            | 10,185,622.66                      | -                          | -            | 与收益相关                                   |
| Other                 | -                                  | -                          | -            | 1,276,080.69                       | -                          | -            | 与收益相关                                   |
| Total                 | -                                  | -                          | -            | <b>11,461,703.35</b>               | -                          | -            |   |

### 59. Non-operating Expense

| Item   | Reporting Period | Same period of last year | Amount recorded into the current non-recurring profit or loss |
|--|------------------|--------------------------|---|
| Losses on damage and scrapping of non-current assets | 660,874.41       | 1,671,547.63             | 660,874.41  |
| Compensation expense                                 | 4,603.40         | 3,500.00                 | 4,603.40  |
| Donations  | 675,833.69       | 20,000.00                | 675,833.69  |
| Other  | 2,128,430.01     | 4,256,701.94             | 2,128,430.01  |

| Item  | Reporting Period | Same period of last year | Amount recorded into the current non-recurring profit or loss |
|-------|------------------|--------------------------|---|
| Total | 3,469,741.51     | 5,951,749.57             | 3,469,741.51  |

## 60. Income Tax Expense

### (1) Lists of Income Tax Expense

| Item                        | Reporting Period | Same period of last year |
|-----------------------------|------------------|--------------------------|
| Current income tax expense  | 216,231,934.45   | 59,240,226.94            |
| Deferred income tax expense | -173,118,956.35  | -76,686,276.07           |
| Total                       | 43,112,978.10    | -17,446,049.13           |

### (2) Adjustment Process of Accounting Profit and Income Tax Expense

| Item  | Reporting Period |
|---|------------------|
| Profit before taxation  | 489,022,159.46   |
| Current income tax expense accounted at statutory/applicable tax rate   | 122,255,539.87   |
| Influence of applying different tax rates by subsidiaries   | -51,887,118.22   |
| Influence of income tax before adjustment   | -3,847,489.30    |
| Influence of non-taxable income   | 9,582,807.30     |
| Influence of not deductible costs, expenses and losses  | 7,747,424.23     |
| Influence of deductible loss of unrecognized deferred income tax assets in prior period                                       | -17,256,404.67   |
| Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period | 8,385,318.90     |
| Changes in the balance of deferred income tax assets/ liabilities in previous period due to adjustment of tax rate            | —                |
| Other   | -64,668,684.92   |
| Income tax expense  | 10,311,393.19    |

## 61. Other Comprehensive Income

Refer to Note VI-42 for details.

## 62. Cash Flow Statement

### (1) Cash Generated from Other Operating Activities

| Item                                   | Reporting Period | Same period of last year |
|--|------------------|--------------------------|
| Commercial factoring accounts received | 663,814,079.96   | 1,177,791,975.34         |

| Item                                  | Reporting Period        | Same period of last year |
|---------------------------------------|-------------------------|--------------------------|
| Intercourse funds                     | 47,127,011.48           | 87,455,725.93            |
| Income from government subsidy        | 411,764,189.92          | 97,520,522.22            |
| Front money and guarantee deposit     | 240,170,401.69          | 19,955,669.93            |
| Interest income from bank deposits    | 11,849,162.63           | 6,703,808.76             |
| Income from waste                     | 7,604,938.22            | 3,377,283.28             |
| Repayment of individual borrowings    | 6,769,448.83            | 2,206,730.89             |
| Compensation from suppliers           | 13,655,189.62           | 30,537,543.95            |
| Temporary received repair fund        | -                       | 17,717.50                |
| Income from penalty and default money | 2,010,832.06            | 245,081.28               |
| Other income                          | 744,030,565.64          | 51,447,417.30            |
| <b>Total</b>                          | <b>2,148,795,820.05</b> | <b>1,477,259,476.38</b>  |

## (2) Cash Used in Other Operating Activities

| Item   | Reporting Period | Same period of last year |
|--|------------------|--------------------------|
| The commercial factoring payment                       | 380,423,237.70   | 1,607,828,551.79         |
| Expense for cash payment                               | 731,676,310.00   | 643,840,207.45           |
| Payment made on behalf                                 | 8,037,121.64     | 18,580,685.28            |
| Payment for guarantee deposit, cash deposit and repair | 283,418,660.42   | 24,577,163.43            |
| Pretty cash for employees                              | 15,670,997.69    | 8,894,518.49             |
| Expense for bank handling charges                      | 16,648,496.25    | 19,513,440.38            |
| Donation expense                                       | 558,404.69       | 10,000.00                |
| Default money  | 41,154.49        | 29,600.00                |
| Other expense  | 555,462,001.38   | 24,179,903.70            |



| Item  | Reporting Period        | Same period of last year |
|-------|-------------------------|--------------------------|
| Total | <b>1,991,936,384.26</b> | <b>2,347,454,070.52</b>  |

**(3) Cash Generated from Other Investing Activities**

| Item  | Reporting Period        | Same period of last year |
|---|-------------------------|--------------------------|
| Recovery of financial products                                  | 653,954,166.67          | 942,900,000.00           |
| The principal and interest of the entrusted loan were received. | 742,912,711.75          | -                        |
| Total   | <b>1,396,866,878.42</b> | <b>942,900,000.00</b>    |

**(4) Cash Used in Other Investing Activities**

| Item                           | Reporting Period      | Same period of last year |
|--------------------------------|-----------------------|--------------------------|
| Purchase of financial products | 700,000,000.00        | 774,730,000.00           |
| Other                          | 33,420.00             | 100,000,000.00           |
| Total                          | <b>700,033,420.00</b> | <b>874,730,000.00</b>    |

**(5) Cash Generated from Other Financing Activities**

| Item                      | Reporting Period      | Same period of last year |
|---------------------------|-----------------------|--------------------------|
| Receiving entrusted loans | 200,000,000.00        | -                        |
| Other                     | 150,346,627.50        | 1,023,076.93             |
| Total                     | <b>350,346,627.50</b> | <b>1,023,076.93</b>      |

**(6) Cash Used in Other Financing Activities**

| Item                         | Reporting Period      | Same period of last year |
|------------------------------|-----------------------|--------------------------|
| Repayment of entrusted loans | 67,293,304.13         |                          |
| Finance lease                | 167,576,689.17        |                          |
| Financing expense            | 30,011,935.42         | 22,612,122.48            |
| Total                        | <b>264,881,928.72</b> | <b>22,612,122.48</b>     |

**63. Supplemental Information for Cash Flow Statement****(1) Supplemental Information for Cash Flow Statement**

| Supplemental information  | Reporting Period | Same period of last year |
|---|------------------|--------------------------|
| <b>1. Reconciliation of net profit to net cash flows generated from operating activities:</b> |                  |                          |
| Net profit  | 478,710,766.27   | 408,732,161.88           |

| Supplemental information  | Reporting Period  | Same period of last year |
|---|-------------------|--------------------------|
| Add: Provision for impairment of assets   | 61,193,991.05     | 59,552,100.41            |
| Depreciation of fixed assets, oil-gas assets, and productive living assets                                  | 174,167,944.26    | 99,977,217.61            |
| Amortization of intangible assets   | 12,518,556.49     | 6,800,013.68             |
| Amortization of long-term prepaid expenses  | 43,303,200.03     | 39,491,886.63            |
| Losses on disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)         | -293,705,840.64   | -63,722,105.38           |
| Losses on scrap of fixed assets (gains: negative)   | 467,325.95        | 1,577,486.33             |
| Losses on changes in fair value (gains: negative)   | 3,005,381.67      | -59,855,412.48           |
| Finance costs (gains: negative)   | 442,704,098.64    | 138,646,255.45           |
| Investment loss (gains: negative)   | -559,161,027.92   | -531,929,987.83          |
| Decrease in deferred income tax assets (gains: negative)  | -176,759,673.67   | -139,323,718.64          |
| Increase in deferred income tax liabilities (“-” means decrease)  | 3,492,398.43      | 51,576,456.37            |
| Decrease in inventories (gains: negative)   | -525,393,810.42   | -200,692,963.10          |
| Decrease in accounts receivable generated from operating activities (gains: negative)                       | -2,059,798,271.86 | -1,290,880,669.75        |
| Increase in accounts payable used in operating activities (decrease: negative)                              | 369,279,048.36    | -358,107,427.04          |
| Other   | -16,980,258.41    | -                        |
| Net cash generated from/used in operating activities  | -2,042,956,171.77 | -1,838,158,705.86        |
| <b>2. Significant investing and financing activities without involvement of cash receipts and payments:</b> |                   |                          |
| Transfer of debt to capital   |                   | -                        |
| Current portion of convertible corporate bonds  |                   | -                        |
| Fixed assets leased in by financing   |                   | -                        |
| <b>3. Net increase/decrease of cash and cash equivalent:</b>  |                   |                          |
| Ending balance of cash  | 4,701,245,534.53  | 3,761,988,635.66         |

| Supplemental information                    | Reporting Period        | Same period of last year |
|---|-------------------------|--------------------------|
| Less: Beginning balance of cash             | 3,434,149,481.72        | 3,097,899,703.76         |
| Add: Ending balance of cash equivalents     |                         | -                        |
| Less: Beginning balance of cash equivalents |                         | -                        |
| Net increase in cash and cash equivalents   | <b>1,267,096,052.81</b> | <b>664,088,931.90</b>    |

### (2) Net Cash Receive from Disposal of Subsidiaries

| Item  | Amount                |
|---|-----------------------|
| Cash or cash equivalents received in the Reporting Period from disposal of subsidiaries in the Current Period | <b>101,020,500.00</b> |
| Of which: Chuzhou Konka TID   | 63,520,500.00         |
| Konka E-display   | 37,500,000.00         |
| Less: cash and cash equivalents held by subsidiaries on the date of losing control power                      | <b>68,345,326.75</b>  |
| Of which: Chuzhou Konka TID   | 35,782,809.20         |
| Konka E-display   | 32,562,517.55         |
| Net cash received from disposal of subsidiaries   | <b>32,675,173.25</b>  |

### (3) Cash and Cash Equivalents

| Item  | Ending balance          | Beginning balance       |
|---|-------------------------|-------------------------|
| I. Cash   | 4,701,245,534.53        | 3,761,988,635.66        |
| Including: Cash on hand                         | 343,490.38              | 122,746.45              |
| Bank deposit on demand                          | 4,700,902,044.15        | 3,761,865,889.21        |
| II. Ending balance of cash and cash equivalents | <b>4,701,245,534.53</b> | <b>3,761,988,635.66</b> |

### 64.Assets with Restricted Ownership or Right to Use

| Item             | Ending carrying value<br>(RMB'0,000) | Reason for restriction  |
|------------------|--------------------------------------|---|
| Monetary capital | 96,902.16                            | Of which RMB579.7213 million is various non-callable margin deposit; RMB315 million is time deposit; RMB49.0818 million is the fund of supervisor repaid; RMB19.8 million is the deposit pledged for loans; RMB3.22 million is blocked funds for litigation; RMB2.1985 million is restricted for other reasons. |

| Item                  | Ending carrying value<br>(RMB'0,000) | Reason for restriction  |
|-----------------------|--------------------------------------|---|
| Notes receivable      | 118,688.30                           | As of 30 June 2019, the Company pledged notes receivable with carrying value of RMB1186.883 million for conducting comprehensive financing businesses such as opening of banker' s acceptance bill, L/C, L/G and trade financing. |
| Fixed assets          | 36,202.64                            | For mortgage borrowings. Refer to 25. Short-term Borrowings in Note VI<br>For mortgage borrowings. Refer to 34. Short-term Borrowings in Note VI  |
| Intangible assets     | 13,805.57                            | For mortgage borrowings. Refer to 25. Short-term Borrowings in Note VI<br>For mortgage borrowings. Refer to 34 Short-term Borrowings in Note VI   |
| Long-term receivables | 34,941.65                            | For pledge borrowings. Refer to 34 Short-term Borrowings in Note VI   |
| Total                 | <b>300,540.32</b>                    |   |

## 65. Foreign Currency Monetary Items

### (1) Foreign Currency Monetary Items

| Item                | Ending foreign currency balance | Exchange rate | Ending balance converted to RMB |
|---------------------|---------------------------------|---------------|---------------------------------|
| Monetary capital    |                                 |               |                                 |
| Of which: USD       | 78,554,119.28                   | 6.87470       | 540,036,003.81                  |
| EUR                 | 99,161.51                       | 7.81700       | 775,145.52                      |
| HKD                 | 12,165,085.98                   | 0.87966       | 10,701,139.53                   |
| Accounts receivable |                                 |               |                                 |
| Of which: USD       | 184,788,743.39                  | 6.87470       | 1,270,367,174.18                |
| HKD                 | 3,082,190.84                    | 0.87966       | 2,711,279.99                    |
| AUD                 | 49,764.00                       | 4.81560       | 239,643.52                      |
| Other receivables   |                                 |               |                                 |
| Of which: USD       | 26,115,881.89                   | 6.87470       | 179,538,853.23                  |
| Of which: USD       | 7,487,218.79                    | 0.87966       | 6,586,206.88                    |
| Accounts payable    |                                 |               |                                 |

| Item                  | Ending foreign currency balance | Exchange rate | Ending balance converted to RMB |
|-----------------------|---------------------------------|---------------|---------------------------------|
| Of which: USD         | 118,160,661.74                  | 6.87470       | 812,319,101.26                  |
| HKD                   | 1,531,358.04                    | 0.87966       | 1,347,074.41                    |
| Other payables        |                                 |               |                                 |
| Of which: HKD         | 30,933,727.30                   | 0.87966       | 27,211,162.56                   |
| Short-term borrowings |                                 |               |                                 |
| Of which: USD         | 139,691,704.64                  | 6.87470       | 960,338,561.89                  |
| Interest payable      |                                 |               |                                 |
| Of which: USD         | 803,078.36                      | 6.87470       | 5,520,922.80                    |

## (2) Notes to Overseas Entities

The significant overseas entities include Hong Kong Konka, Konka Electrical Appliances International Trading, Chain Kingdom Memory Technologies Co., Ltd., Kangjietong and Jiali International. The main overseas operating place is Hong Kong. The Company's recording currency is HKD since the main currency in circulation in Hong Kong is HKD.

### 66. Arbitrage

Refer to relevant contents in items notes of in 2. Financial Assets at Fair Value through Profit or Loss in Note VI.

### 67. Government Subsidy

#### (1) Basic Information on Government Subsidy

| Category  | Amount        | Listed items                 | Amount recorded in the current profit or loss |
|---|---------------|------------------------------|---|
| Subsidy for Konka Zhifu Life Science Innovation Center Phase II | 10,000,000.00 | Deferred income/Other income | 4,999,999.99                                  |
| Rewards and subsidies   | 53,667,833.01 | Other income                 | 53,667,833.01                                 |
| Tax rebates of software   | 23,063,806.91 | Other income                 | 23,063,806.91                                 |
| Support fund  | 66,369.00     | Other income                 | 66,369.00                                     |
| Subsidy for L/C export  | 326,832.56    | Other income                 | 326,832.56                                    |
| Land tax rebates  | 3,186,200.00  | Other income                 | 3,186,200.00                                  |
| Post subsidies  | 86,701.47     | Other income                 | 86,701.47                                     |

| Category   | Amount                | Listed items                 | Amount recorded in the current profit or loss |
|--|-----------------------|------------------------------|---|
| Other  | 346,506,970.00        | Other income                 | 246,506,970.00                                |
| Provincial special fund for robot project  | 900,000.00            | Deferred income              | 30,000.00                                     |
| Subsidy for innovation in science and technology   | 200,000.00            | Deferred income/Other income | 14,080.46                                     |
| Technology upgrade of high heat-dissipation and high accuracy PCB  | 394,700.00            | Deferred income/Other income | 47196.08                                      |
| Award of cars (Kaiyi) for Sichuan Konka as excellent enterprise –Harbor Administration Commission of Yibin | 79,900.00             | Deferred income/Other income | 1,119.54                                      |
| <b>Total</b>   | <b>438,479,312.95</b> |                              | <b>331,997,109.02</b>                         |

## (2) Return of Government Subsidy

No such cases in the Reporting Period.

## VII. Changes of Consolidation Scope

### 1. Disposal of subsidiary

#### Single Disposal of Investment to Subsidiary that Losing Control Power

| Name of the subsidiary                  | The equity disposal price (RMB'0,000) | Equity disposal proportion (%) | Method of equity disposal | Time of losing control | Recognition basis for the time of losing control power        | The differences of enjoyed net assets share of the subsidiary in corresponding consolidated statements of the disposal price and the disposal investment (RMB'0,000) |
|---|---------------------------------------|--------------------------------|---------------------------|------------------------|---|--|
| Konka E-display                         | 3,750.00                              | 15                             | Transfer                  | 2019-6-21              | Transfer of equity, operation and financial controlling power | 3,185.78   |
| Chuzhou Technological Innovation Centre | 6,352.05                              | 51                             | Transfer                  | 2019-6-28              | Transfer of equity, operation and financial controlling power | 4,554.52   |

(Continued)

| Name of the subsidiary                  | Residual equity proportion on the date of losing control power (%) | Carrying value of residual equity on the date of losing control power (RMB'0,000) | Fair value of residual equity on the date of losing control power (RMB'0,000) | Gains or losses from re-measurement of residual equity at fair value (RMB'0,000) | Recognition method and main assumption of fair value of residual equity on the date of losing control power | Amount of other comprehensive income related to former subsidiaries transferred into investment profit or loss |
|---|--|---|---|--|---|--|
| Konka E-display                         | 45.00  | 1,692.67  | 11,250.00   | 9,557.33   | Market trading price  | —  |
| Chuzhou Technological Innovation Centre | 49.00  | 1,727.04  | 6,102.95  | 4,375.91   | Market trading price  | —  |

## 2. Changes in Combination Scope for Other Reasons

### Newly-established Subsidiaries of the Company from Jan.-June 2019

| Name of the subsidiary                      | Capital of registration | Holding percentage (%) | Time and place of gaining control power | Way of gaining    |
|---|-------------------------|------------------------|---|-------------------|
| Shengxing Enterprise                        | 10,000,000.00           | 51.00                  | 2019-1-3                                | Newly established |
| Youzhihui                                   | 10,000,000.00           | 100.00                 | 2019-1-24                               | Newly established |
| Suining Electronic Technological Innovation | 200,000,000.00          | 100.00                 | 2019-2-22                               | Newly established |
| Xiaojia Technology                          | 10,000,000.00           | 100.00                 | 2019-3-5                                | Newly established |
| Smart Technology                            | 20,000,000.00           | 51.00                  | 2019-3-12                               | Newly established |
| Konka Huanjia (Henan)                       | 50,000,000.00           | 51.00                  | 2019-4-1                                | Newly established |
| Laizhou Sewage Treatment Co., Ltd.          | 56,361,600.00           | 24.14                  | 2019-4-11                               | Newly established |
| Funan Kangrun Watre Co., Ltd.               | 122,500,000.00          | 40.55                  | 2019-5-10                               | Newly established |
| Weifang Investment Co., Ltd.                | 150,000,000.00          | 32.97                  | 2019-5-10                               | Newly established |
| Yihe Electronic                             |                         | 51.00                  | 2019-5-14                               | Newly             |

| Name of the subsidiary                   | Capital of registration | Holding percentage (%) | Time and place of gaining control power | Way of gaining    |
|--|-------------------------|------------------------|---|-------------------|
|  | 10,000,000.00           |                        |   | established       |
| Lushan Kangrun Water Treatment Co., Ltd. | 100,000,000.00          | 45.44                  | 2019-6-3                                | Newly established |
| Shenzhen Huanan                          | 90,000,000.00           | 80.00                  | 2019-6-4                                | Newly established |
| Chongqing Konka                          | 120,000,000.00          | 100.00                 | 2019-6-6                                | Newly established |
| Dongguan Konka Investment                | 100,000,000.00          | 100.00                 | 2019-6-28                               | Newly established |

## VIII. Equity in Other Entities

### 1. Equity in Subsidiary

#### (1) Subsidiaries

| Name                        | Main operating place | Registration place  | Nature of business                               | Holding percentage (%) |            | Way of gaining              |
|-----------------------------|----------------------|---------------------|--|------------------------|------------|-----------------------------|
|                             |                      |                     |  | Directly               | Indirectly |                             |
| Konka Ventures              | Shenzhen, Guangdong  | Shenzhen, Guangdong | Other organization and management service        | 51.00                  | -          | Establishment or investment |
| Yantai Konka                | Yantai, Shandong     | Yantai, Shandong    | Other professional consultancy and investigation | -                      | 51.00      | Establishment or investment |
| Chengdu Konka               | Chengdu, Sichuan     | Chengdu, Sichuan    | Commercial service                               | -                      | 51.00      | Establishment or investment |
| Chengdu Anren               | Chengdu, Sichuan     | Chengdu, Sichuan    | Commercial service                               | -                      | 51.00      | Establishment or investment |
| Konka Enterprise Service    | Guiyang, Guizhou     | Guiyang, Guizhou    | Headquarters management                          | -                      | 51.00      | Establishment or investment |
| Chuanghui Intelligent       | Nanjing, Jiangsu     | Nanjing, Jiangsu    | Entrepreneurial space service                    | -                      | 40.80      | Establishment or investment |
| Konka Enterprise management | Guiyang, Guizhou     | Guiyang, Guizhou    | Other Commercial service not listed clearly      | -                      | 51.00      | Establishment or investment |
| Yibin Konka Incubator       | Yibin, Sichuan       | Yibin, Sichuan      | Commercial service                               | -                      | 51.00      | Establishment or investment |



| Name                         | Main operating place     | Registration place       | Nature of business                           | Holding percentage (%) |            | Way of gaining              |
|------------------------------|--------------------------|--------------------------|--|------------------------|------------|-----------------------------|
|                              |                          |                          |  | Directly               | Indirectly |                             |
| Cross-Border Kechuang        | Shenzhen, Guangdong      | Shenzhen, Guangdong      | Other IT service industry not listed clearly | -                      | 26.01      | Establishment or investment |
| Anhui Konka                  | Chuzhou, Anhui           | Chuzhou, Anhui           | Manufacturing industry                       | 78.00                  | -          | Establishment or investment |
| Kangzhi Trade                | Chuzhou, Anhui           | Chuzhou, Anhui           | Wholesale industry                           | -                      | 78.00      | Establishment or investment |
| Konka Factoring              | Shenzhen, Guangdong      | Shenzhen, Guangdong      | Insurance agents (non-bank finance)          | 100.00                 | -          | Establishment or investment |
| Youshi Kangrong              | Tianjin                  | Tianjin                  | Advertisement                                | -                      | 70.00      | Establishment or investment |
| Konka Unifortune             | Shenzhen, Guangdong      | Shenzhen, Guangdong      | Retail industry                              | 51.00                  | -          | Establishment or investment |
| Jiali International          | Hong Kong, China         | Hong Kong, China         | Retail industry                              | -                      | 51.00      | Establishment or investment |
| Wankaida                     | Shenzhen, Guangdong      | Shenzhen, Guangdong      | Software development                         | 100.00                 | -          | Establishment or investment |
| Dongguan Konka               | Dongguan, Guangdong      | Dongguan, Guangdong      | Manufacturing industry                       | 75.00                  | 25.00      | Establishment or investment |
| Telecommunication Technology | Shenzhen, Guangdong      | Shenzhen, Guangdong      | Manufacturing industry                       | 75.00                  | 25.00      | Establishment or investment |
| Electrical Appliances        | Shenzhen, Guangdong      | Shenzhen, Guangdong      | Manufacturing industry                       | 75.00                  | 25.00      | Establishment or investment |
| Mudanjiang Appliances        | Mudanjiang, Heilongjiang | Mudanjiang, Heilongjiang | Manufacturing industry                       | 60.00                  | -          | Establishment or investment |
| Konka Europe                 | Frankfurt, Germany       | Frankfurt, Germany       | International Trading                        | 100.00                 | -          | Establishment or investment |
| Commercial System Technology | Shenzhen, Guangdong      | Shenzhen, Guangdong      | Commerce                                     | 81.00                  | -          | Establishment or investment |
| Konka Electrical Appliances  | Shenzhen, Guangdong      | Shenzhen, Guangdong      | Manufacturing industry, commerce             | 100.00                 | -          | Establishment or investment |
| Konka Materials              | Haikou, Hainan           | Haikou, Hainan           | Commercial service                           | -                      | 51.00      | Establishment or investment |

| Name                            | Main operating place          | Registration place            | Nature of business           | Holding percentage (%) |            | Way of gaining              |
|---------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------|------------|-----------------------------|
|                                 |                               |                               |                              | Directly               | Indirectly |                             |
| Mobile Interconnection          | Shenzhen, Guangdong           | Shenzhen, Guangdong           | Commerce                     | 51.00                  | -          | Establishment or investment |
| Sichuan Konka                   | Yibin, Sichuan                | Yibin, Sichuan                | Manufacturing industry       | -                      | 51.00      | Establishment or investment |
| Anhui Tongchuang                | Chuzhou, Anhui                | Chuzhou, Anhui                | Manufacturing industry       | 100.00                 | -          | Establishment or investment |
| Electrical Appliance Technology | Chuzhou, Anhui                | Chuzhou, Anhui                | Manufacturing industry       | -                      | 51.00      | Establishment or investment |
| Frestec Refrigeration           | Xinxiang, Henan               | Xinxiang, Henan               | Manufacturing industry       | -                      | 51.00      | Establishment or investment |
| Frestec Electrical Appliances   | Xinxiang, Henan               | Xinxiang, Henan               | Manufacturing industry       | -                      | 51.00      | Establishment or investment |
| Frestec Household Appliances    | Xinxiang, Henan               | Xinxiang, Henan               | Manufacturing industry       | -                      | 51.00      | Establishment or investment |
| Pengrun Technology              | Shenzhen, Guangdong           | Shenzhen, Guangdong           | Retail industry              | 51.00                  | -          | Establishment or investment |
| Jiaxin Technology               | Hong Kong, China              | Hong Kong, China              | Retail industry              | -                      | 51.00      | Establishment or investment |
| E3info                          | Haikou, Hainan                | Haikou, Hainan                | Network platform development | 60.00                  | -          | Establishment or investment |
| Yifang Technology               | Shenzhen, Guangdong           | Shenzhen, Guangdong           | Network platform development | -                      | 60.00      | Establishment or investment |
| Dongguan Packing                | Dongguan, Guangdong           | Dongguan, Guangdong           | Manufacturing industry       | 75.00                  | 25.00      | Establishment or investment |
| E2info                          | Shenzhen, Guangdong           | Shenzhen, Guangdong           | Information service          | 95.78                  | -          | Establishment or investment |
| Beijing Konka Electronic        | Beijing                       | Beijing                       | Sale of home appliance       | 100.00                 | -          | Establishment or investment |
| Konka Leasing                   | Tianjin Pilot Free Trade Zone | Tianjin Pilot Free Trade Zone | Leasing industry             | -                      | 100.00     | Establishment or investment |
| Fittings Technology             | Shenzhen, Guangdong           | Shenzhen, Guangdong           | Investment holding           | 75.00                  | 25.00      | Establishment or investment |
| Boluo Konka Precision           | Boluo, Guangdong              | Boluo, Guangdong              | Manufacturing industry       | -                      | 100.00     | Establishment or investment |

| Name   | Main operating place | Registration place  | Nature of business                            | Holding percentage (%) |            | Way of gaining              |
|--|----------------------|---------------------|---|------------------------|------------|-----------------------------|
|  |                      |                     |   | Directly               | Indirectly |                             |
| Xiamen Dalong                                    | Xiamen, Fujian       | Xiamen, Fujian      | Commerce                                      | -                      | 69.23      | Establishment or investment |
| Boluo Konka                                      | Boluo, Guangdong     | Boluo, Guangdong    | Manufacturing industry                        | -                      | 100.00     | Establishment or investment |
| Hong Kong Konka                                  | Hong Kong, China     | Hong Kong, China    | International Trading                         | 100.00                 | -          | Establishment or investment |
| Konka Household Appliances Investment            | Hong Kong, China     | Hong Kong, China    | Investment holding                            | -                      | 100.00     | Establishment or investment |
| Chain Kingdom Memory Technologies                | Hong Kong, China     | Hong Kong, China    | International Trading                         | -                      | 51.00      | Establishment or investment |
| Chain Kingdom Memory Technologies (Shenzhen)     | Shenzhen, Guangdong  | Shenzhen, Guangdong | Wholesale industry                            | -                      | 51.00      | Establishment or investment |
| Konka SmartTech                                  | Hong Kong, China     | Hong Kong, China    | International Trading                         | -                      | 61.00      | Establishment or investment |
| Kangjietong                                      | Hong Kong, China     | Hong Kong, China    | Service industry                              | -                      | 51.00      | Establishment or investment |
| Konka Household Appliances International Trading | Hong Kong, China     | Hong Kong, China    | International Trading                         | -                      | 100.00     | Establishment or investment |
| Konka Investment                                 | Shenzhen, Guangdong  | Shenzhen, Guangdong | Capital markets service                       | 100.00                 | -          | Establishment or investment |
| Yibin Konka                                      | Yibin, Sichuan       | Yibin, Sichuan      | Development and management of industrial park | -                      | 100.00     | Establishment or investment |
| Industry New Town                                | Chengdu, Sichuan     | Chengdu, Sichuan    | Real estate industry                          | -                      | 51.00      | Establishment or investment |
| Konka Capital                                    | Shenzhen, Guangdong  | Shenzhen, Guangdong | Capital markets service                       | -                      | 100.00     | Establishment or investment |

| Name                   | Main operating place | Registration place   | Nature of business  | Holding percentage (%) |            | Way of gaining              |
|------------------------|----------------------|----------------------|---|------------------------|------------|-----------------------------|
|                        |                      |                      |   | Directly               | Indirectly |                             |
| Konka Suiyong          | Shenzhen, Guangdong  | Shenzhen, Guangdong  | Investment in industry, commercial information consultancy and investment advisor | -                      | 51.00      | Establishment or investment |
| Hainan Technology      | Haikou, Hainan       | Haikou, Hainan       | Municipal road, engineering and buildings   | -                      | 51.00      | Establishment or investment |
| Kangquan Enterprise    | Shenzhen, Guangdong  | Shenzhen, Guangdong  | Commercial service  | -                      | 51.00      | Establishment or investment |
| Sichuan Kangjiatong    | Yibin, Sichuan       | Yibin, Sichuan       | Service industry  | 51.00                  | -          | Establishment or investment |
| Electronics Technology | Shenzhen, Guangdong  | Shenzhen, Guangdong  | Manufacturing industry  | 100.00                 | -          | Establishment or investment |
| XingDa HongYe          | Zhongshan, Guangdong | Zhongshan, Guangdong | Manufacturing industry  | -                      | 51.00      | Establishment or investment |
| Shanghai Xinfeng       | Shanghai             | Shanghai             | Commerce  | -                      | 51.00      | Establishment or investment |
| Nanjing Konka          | Nanjing, Jiangsu     | Nanjing, Jiangsu     | Wholesale industry  | -                      | 100.00     | Establishment or investment |
| Anhui Zhilian          | Chuzhou, Anhui       | Chuzhou, Anhui       | e-commerce  | -                      | 100.00     | Establishment or investment |
| Econ Technology        | Yantai, Shandong     | Yantai, Shandong     | Environmental technology service industry   | 51.00                  | -          | Establishment or investment |
| Beijing Econ           | Beijing              | Beijing              | Environmental technology service industry   | -                      | 51.00      | Establishment or investment |
| Shanghai Jiyi          | Shanghai             | Shanghai             | Environmental technology service industry   | -                      | 51.00      | Establishment or investment |
| Binzhou Econ           | Binzhou, Shandong    | Binzhou, Shandong    | Environmental technology service industry   | -                      | 51.00      | Establishment or investment |
| Lairun Holdings        | Yantai, Shandong     | Yantai, Shandong     | Environmental technology service industry   | -                      | 30.60      | Establishment or investment |

| Name  | Main operating place | Registration place | Nature of business                        | Holding percentage (%) |            | Way of gaining              |
|---|----------------------|--------------------|---|------------------------|------------|-----------------------------|
|   |                      |                    |   | Directly               | Indirectly |                             |
| Laizhou Lairun Environmental Protection                         | Yantai, Shandong     | Yantai, Shandong   | Environmental technology service industry | -                      | 27.54      | Establishment or investment |
| Binhai Sewage Treatment   | Yantai, Shandong     | Yantai, Shandong   | Environmental technology service industry | -                      | 30.60      | Establishment or investment |
| Lairun Heating  | Yantai, Shandong     | Yantai, Shandong   | Environmental technology service industry | -                      | 30.60      | Establishment or investment |
| Lairun Green Energy   | Yantai, Shandong     | Yantai, Shandong   | Environmental technology service industry | -                      | 30.60      | Establishment or investment |
| Econ Environmental Engineering                                  | Chengdu, Sichuan     | Chengdu, Sichuan   | Environmental technology service industry | -                      | 51.00      | Establishment or investment |
| Qingdao Kangrun Honghui Photovoltaic Power Generation Co., Ltd. | Qingdao, Shandong    | Qingdao, Shandong  | Environmental technology service industry | -                      | 51.00      | Establishment or investment |
| Yantai Kangrun Honghui Photovoltaic Power Generation Co., Ltd.  | Yantai, Shandong     | Yantai, Shandong   | Environmental technology service industry | -                      | 51.00      | Establishment or investment |
| Rushan Yike   | Weihai, Shandong     | Weihai, Shandong   | Environmental technology service industry | -                      | 44.37      | Establishment or investment |
| Binzhou Weiyijie  | Binzhou, Shandong    | Binzhou, Shandong  | Environmental technology service industry | -                      | 35.70      | Establishment or investment |
| Beihai Jingmai  | Binzhou, Shandong    | Binzhou, Shandong  | Environmental technology service industry | -                      | 24.99      | Establishment or investment |
| Yantai Chunzhiran   | Yantai, Shandong     | Yantai, Shandong   | Environmental technology service industry | -                      | 35.70      | Establishment or investment |
| Lairun Huayang  | Yantai, Shandong     | Yantai, Shandong   | Environmental technology service industry | -                      | 26.01      | Establishment or investment |

| Name  | Main operating place | Registration place  | Nature of business                        | Holding percentage (%) |            | Way of gaining              |
|---|----------------------|---------------------|---|------------------------|------------|-----------------------------|
|   |                      |                     |   | Directly               | Indirectly |                             |
| Donggang Kangrun Environment Management Co., Ltd.       | Dandong, Liaoning    | Dandong, Liaoning   | Environmental technology service industry | -                      | 50.63      | Establishment or investment |
| Dayi Kangrun Water Co., Ltd.                            | Chengdu, Sichuan     | Chengdu, Sichuan    | Environmental technology service industry | -                      | 51.00      | Establishment or investment |
| Subei Mongol Autonomous County Kangrun Water Co., Ltd.  | Jiuquan, Gansu       | Jiuquan, Gansu      | Environmental technology service industry | -                      | 39.78      | Establishment or investment |
| Suining Pengxi Kangrun Environment Management Co., Ltd. | Suining, Sichuan     | Suining, Sichuan    | Environmental technology service industry | -                      | 40.75      | Establishment or investment |
| Weifang Sihai Kangrun Investment Operation Co., Ltd.    | Weifang, Shandong    | Weifang, Shandong   | Environmental technology service industry | -                      | 27.96      | Establishment or investment |
| Konka Huanjia   | Dalian, Liaoning     | Dalian, Liaoning    | Processing of renewable resources         | 51.00                  | -          | Establishment or investment |
| Shanghai Konka  | Shanghai             | Shanghai            | Real estate industry                      | 100.00                 | -          | Establishment or investment |
| Chuzhou Kangyong  | Chuzhou, Anhui       | Chuzhou, Anhui      | Real estate industry                      | -                      | 100.00     | Establishment or investment |
| Yantai Konka  | Yantai, Shandong     | Yantai, Shandong    | Real estate industry                      | -                      | 89.71      | Establishment or investment |
| Yantai Kangjin  | Yantai, Shandong     | Yantai, Shandong    | Real estate industry                      | -                      | 62.80      | Establishment or investment |
| Shangdong Kangxin                                       | Yantai, Shandong     | Yantai, Shandong    | Real estate industry                      | -                      | 51.00      | Establishment or investment |
| Jiangxi Konka   | Jiujiang, Jiangxi    | Jiujiang, Jiangxi   | Production, manufacturing and processing  | 51.00                  | -          | Establishment or investment |
| Xinfeng Microcrystalline                                | Nanchang, Jiangxi    | Nanchang, Jiangxi   | Production, manufacturing and processing  | -                      | 51.00      | Establishment or investment |
| Nanocrystalline   | Jiujiang, Jiangxi    | Jiujiang, Jiangxi   | Production, manufacturing and processing  | -                      | 51.00      | Establishment or investment |
| Shenzhen KONSEMI  | Shenzhen, Guangdong  | Shenzhen, Guangdong | Semi-conductor                            | 100.00                 | -          | Establishment or investment |

| Name  | Main operating place | Registration place  | Nature of business                                  | Holding percentage (%) |            | Way of gaining              |
|---|----------------------|---------------------|---|------------------------|------------|-----------------------------|
|   |                      |                     |   | Directly               | Indirectly |                             |
| Shenzhen Meixin                             | Shenzhen, Guangdong  | Shenzhen, Guangdong | Commerce  | -                      | 51.00      | Establishment or investment |
| Hefei KONSEMI                               | Hefei, Anhui         | Hefei, Anhui        | Design of integrated circuit                        | -                      | 51.00      | Establishment or investment |
| Shenzhen Nianhua                            | Shenzhen, Guangdong  | Shenzhen, Guangdong | Commercial service                                  | 100.00                 | -          | Establishment or investment |
| Konka Eco-development                       | Shenzhen, Guangdong  | Shenzhen, Guangdong | Commercial service                                  | 51.00                  | -          | Establishment or investment |
| Konka Ronghe                                | Foshan, Guangdong    | Foshan, Guangdong   | Wholesale and retail industry                       | 51.00                  | -          | Establishment or investment |
| Suining Konka Industry Park                 | Suining, Sichuan     | Suining, Sichuan    | Development and management of industrial park       | 100.00                 | -          | Establishment or investment |
| Konka Suyuan                                | Shenzhen, Guangdong  | Shenzhen, Guangdong | Commercial service                                  | -                      | 51.00      | Establishment or investment |
| Yihe Electronic                             | Hefei, Anhui         | Hefei, Anhui        | Wholesale and retail industry                       | -                      | 51.00      | Establishment or investment |
| Konka Huanjia(Henan)                        | Lankao, Henan        | Lankao, Henan       | Technology promotion and application service        | -                      | 51.00      | Establishment or investment |
| Xiaojia Technology                          | Shenzhen, Guangdong  | Shenzhen, Guangdong | Wholesale and retail industry                       | -                      | 100.00     | Establishment or investment |
| Suining Electronic Technological Innovation | Suining, Sichuan     | Suining, Sichuan    | Commercial service                                  | 100.00                 | -          | Establishment or investment |
| Chongqing Konka                             | Chongqing            | Chongqing           | Software and information service industry           | -                      | 100.00     | Establishment or investment |
| Smart Technology                            | Yibin, Sichuan       | Yibin, Sichuan      | Software and information service industry           | -                      | 51.00      | Establishment or investment |
| Laizhou Lairun Sewage Treatment Co., Ltd.   | Yantai, Shandong     | Yantai, Shandong    | Environmental protection and environment management | -                      | 24.14      | Establishment or investment |
| Funan Kangrun Water Co., Ltd.               | Fuyang, Anhui        | Fuyang, Anhui       | Environmental technology service industry           | -                      | 40.55      | Establishment or investment |

| Name   | Main operating place | Registration place  | Nature of business                                  | Holding percentage (%) |            | Way of gaining              |
|--|----------------------|---------------------|---|------------------------|------------|-----------------------------|
|  |                      |                     |   | Directly               | Indirectly |                             |
| Shengxing Enterprise                             | Shenzhen, Guangdong  | Shenzhen, Guangdong | Commercial service                                  | -                      | 51.00      | Establishment or investment |
| Shenzhen Huanan                                  | Shenzhen, Guangdong  | Shenzhen, Guangdong | Capital market service                              | -                      | 80.00      | Establishment or investment |
| Weifeng Sikang Investment and Operation Co.,Ltd. | Weifang, Shandong    | Weifang, Shandong   | Commercial service                                  | -                      | 32.98      | Establishment or investment |
| Lushan Environment Treatment Co., Ltd.           | Pingdingshan, Henan  | Pingdingshan, Henan | Environmental protection and environment management | -                      | 45.44      | Establishment or investment |
| Youzhihui  | Shenzhen, Guangdong  | Shenzhen, Guangdong | Software and information service industry           | -                      | 100.00     | Establishment or investment |
| Dongguan Investment                              | Dongguan, Guangdong  | Dongguan, Guangdong | Commercial service                                  | 100.00                 | -          | Establishment or investment |
| Xiangkang Telecommunication                      | Hong Kong, China     | Hong Kong, China    | Manufacturing industry                              | -                      | 100.00     | Establishment or investment |

## (2) Significant Non-wholly-owned Subsidiary

| Name          | Shareholding proportion of non-controlling interests (%) | The profit or loss attributable to the non-controlling interests | Declaring dividends distributed to non-controlling interests | Balance of non-controlling interests at the period-end |
|---------------|--|--|--|--|
| Konka Huanjia | 49.00  | 43,900,738.09  | -  | 156,944,346.44   |
| Kangjietong   | 49.00  | 7,349,838.13   | -  | 8,350,971.45   |

## (3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

| Name          | Ending balance   |                    |                  |                     |                       |                   |
|---------------|------------------|--------------------|------------------|---------------------|-----------------------|-------------------|
|               | Current assets   | Non-current assets | Total assets     | Current liabilities | Non-current liability | Total liabilities |
| Konka Huanjia | 2,052,738,106.37 | 11,814,608.94      | 2,064,552,715.31 | 1,744,258,130.73    | -                     | 1,744,258,130.73  |
| Kangjietong   | 666,718,434.81   | 144,458.44         | 666,862,893.25   | 649,820,094.38      | -                     | 649,820,094.38    |

(Continued)

| Name | Beginning balance |
|------|-------------------|
|------|-------------------|



|               | Current assets | Non-current assets | Total assets   | Current liabilities | Non-current liability | Total liabilities |
|---------------|----------------|--------------------|----------------|---------------------|-----------------------|-------------------|
| Konka Huanjia | 787,177,009.78 | 7,754,884.48       | 794,931,894.26 | 564,230,652.73      | -                     | 564,230,652.73    |
| Kangjietong   | 552,691,289.36 | 190,605.71         | 552,881,895.07 | 551,093,788.93      | -                     | 551,093,788.93    |

| Name          | Reporting Period  |               |                            |                                      |
|---------------|-------------------|---------------|----------------------------|--------------------------------------|
|               | Operating revenue | Net profit    | Total comprehensive income | Cash flows from operating activities |
| Konka Huanjia | 3,907,011,852.57  | 89,593,343.05 | 89,593,343.05              | 205,598,381.24                       |
| Kangjietong   | 4,295,624,063.46  | 14,999,669.64 | 15,282,794.68              | -77,887,373.05                       |

(Continued)

| Name          | Same period of last year |             |                            |                                      |
|---------------|--------------------------|-------------|----------------------------|--------------------------------------|
|               | Operating revenue        | Net profit  | Total comprehensive income | Cash flows from operating activities |
| Konka Huanjia | -                        | -85,624.00  | -85,624.00                 | -23,524.00                           |
| Kangjietong   | -                        | -208,307.50 | -184,703.75                | 10,969,529.71                        |

## 2. The Transaction of the Company with Its Owner's Equity Share Changed but Still Controlling the Subsidiary

### (1) Note to the Owner's Equity Share Changed in Subsidiary

On 10 April 2019, E2info non-controlling interests increased the the investment to E2info and other shareholders renounced pre-emption rights of corresponding newly-increased registered capital. After completing the above increase, the Company's shareholding ratio of E2info is 95.7766%, and it still be controlled by the Company and is still included in the scope of consolidation.

### (2) The Transaction's Influence on the Equity of Non-controlling Interests and the Owner's Equity Attributable to the Company as the Parent

| Item   | E2info        |
|--|---------------|
| Disposal consideration   | -             |
| —cash  | 31,666,666.66 |
| —fair value of non-cash assets   | -             |
| Total disposal consideration   | 31,666,666.66 |
| Less: Share of net assets accounted by percentage of stock rights disposed | 2,261,328.89  |

| Item                                     | E2info        |
|--|---------------|
| Difference                               | 29,405,337.77 |
| Of which: Adjustment of capital reserves | 29,405,337.77 |
| Adjustment of surplus reserve            | -             |
| Adjustment of retained earnings          | -             |

### 3. Equity in Associated Enterprises

#### (1) Significant Associated Enterprises

| Name  | Main operating place | Registration place | Nature of business   | Holding percentage (%) |            | Accounting treatment of the investment to associated enterprise |
|---|----------------------|--------------------|--|------------------------|------------|---|
|   |                      |                    |  | Directly               | Indirectly |   |
| Chutian Dragon Co., Ltd.                          | Dongguan             | Dongguan           | Manufacturing industry in computer, communication and other electronic equipment | 21.95                  | -          | Equity method   |
| Wuhan Tianyuan Environmental Protection Co., Ltd. | Wuhan                | Wuhan              | Environmental protection and environment management                              | 20.02                  | -          | Equity method   |
| Shenzhen Yaode Technology Co., Ltd.               | Shenzhen             | Shenzhen           | Manufacturing industry in computer, communication and other electronic equipment | 20.00                  | -          | Equity method   |
| Kunshan Konka Electronics Technology Co., Ltd.    | Kunshan              | Kunshan            | Manufacturing industry in computer, communication and other electronic equipment | 49.00                  | -          | Equity method   |

#### (2) Main Financial Information of Significant Associated Enterprise

| Item                  | Ending balance/Reporting Period |   |                                     |  |
|-----------------------|---------------------------------|---|-------------------------------------|--|
|                       | Chutian Dragon Co., Ltd.        | Wuhan Tianyuan Environmental Protection Co., Ltd. | Shenzhen Yaode Technology Co., Ltd. | Kunshan Konka Electronics Technology Co., Ltd. |
| Current assets        | 1,207,329,193.60                | 277,952,551.38                                    | 722,353,178.12                      | 377,689,521.02                                 |
| Non-current assets    | 254,585,080.00                  | 480,549,307.71                                    | 59,389,129.52                       | 234,144,645.82                                 |
| Total assets          | 1,461,914,273.60                | 758,501,859.09                                    | 781,742,307.64                      | 611,834,166.84                                 |
| Current liabilities   | 474,053,819.02                  | 175,746,683.09                                    | 245,842,169.76                      | 304,276,068.37                                 |
| Non-current liability | 13,397,492.07                   | 99,714,468.48                                     | -                                   | 4,500,856.91                                   |

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Total liabilities   | 487,451,311.09 | 275,461,151.57 | 245,842,169.76 | 308,776,925.28 |
| Equity of non-controlling interests                                 | 1,294,915.48   | 1,575,172.15   | -              | -              |
| Equity attributable to shareholders of the Company as the parent    | 973,168,047.03 | 481,465,535.37 | 535,900,137.88 | 303,057,241.56 |
| Share of net assets accounted by shareholding percentage            | 224,663,128.08 | 97,328,729.51  | 114,256,368.01 | 187,448,765.87 |
| Adjusted events   |                |                |                |                |
| -Goodwill   | 413,461,970.35 | 160,562,143.79 | 109,570,069.72 | -              |
| -Unrealized internal sales gain and loss                            |                | -              | -              | -              |
| -Other  |                |                |                | 8,433,857.82   |
| Carrying value of equity investment to associated enterprises       | 638,125,098.43 | 257,890,873.30 | 223,826,437.73 | 195,882,623.69 |
| Fair value of equity investment to joint ventures with public offer | -              | -              | -              | -              |
| Operating revenue   | 510,594,502.58 | 114,986,207.34 | 420,482,080.93 | 283,867,107.18 |
| Finance costs   | -868,947.60    | 2,633,870.27   | 11,059,244.18  | 498,876.04     |
| Income tax expense  | 7,946,521.81   | 4,799,304.12   | 2,465,250.56   | -              |
| Net profit  | 56,746,353.10  | 28,075,014.13  | 8,078,012.77   | -9,820,087.97  |
| Net profit from discontinued operations                             | -              | -              | -              | -              |
| Other comprehensive   | -              | -              | -              | -              |

|   |               |               |              |               |
|---|---------------|---------------|--------------|---------------|
| income  |               |               |              |               |
| Total comprehensive income                                    | 56,746,353.10 | 28,075,014.13 | 8,078,012.77 | -9,820,087.97 |
| Dividends received from joint venture in the Reporting Period | -             | -             | -            | -             |

(Continued)

| Item   | Beginning balance/The same period of last year |   |                                     |  |
|--|--|---|-------------------------------------|--|
|  | Chutian Dragon Co., Ltd.                       | Wuhan Tianyuan Environmental Protection Co., Ltd. | Shenzhen Yaode Technology Co., Ltd. | Kunshan Konka Electronics Technology Co., Ltd. |
| Current assets   | 1,222,095,636.91                               | 230,469,218.29                                    | 698,493,882.82                      | 132,379,197.79                                 |
| Non-current assets   | 278,261,091.56                                 | 365,139,896.53                                    | 95,652,906.71                       | 322,419,882.21                                 |
| Total assets   | 1,500,356,728.47                               | 595,609,114.82                                    | 794,146,789.53                      | 454,799,080.00                                 |
| Current liabilities  | 515,045,146.59                                 | 83,949,518.05                                     | 229,286,124.16                      | 55,865,275.98                                  |
| Non-current liability  | 16,794,877.63                                  | 52,271,637.67                                     | 1,656,838.09                        | 6,565,214.27                                   |
| Total liabilities  | 531,840,024.22                                 | 136,221,155.72                                    | 230,942,962.25                      | 62,430,490.25                                  |
| Equity of non-controlling interests                              | 5,361,673.58                                   | 1,300,578.22                                      | -                                   | -  |
| Equity attributable to shareholders of the Company as the parent | 963,155,030.67                                 | 458,087,380.88                                    | 563,203,827.28                      | 392,368,589.75                                 |
| Share of net assets accounted by shareholding percentage         | 211,383,634.58                                 | 91,708,111.68                                     | 112,640,765.46                      | 192,260,608.98                                 |

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Adjusted events   |                |                |                |                |
| -Goodwill   | 413,461,970.35 | 160,562,143.79 | 109,570,069.72 | -              |
| -Unrealized internal sales gain and loss                            | -              | -              | -              | -              |
| -Other  | -              | -              | -              | 8,433,857.82   |
| Carrying value of equity investment to associated enterprises       | 624,845,604.93 | 252,270,255.47 | 222,210,835.18 | 200,694,466.80 |
| Fair value of equity investment to joint ventures with public offer | -              | -              | -              | -              |
| Operating revenue   | 486,019,598.26 | 95,131,035.31  | 319,742,579.72 | 649,068,015.15 |
| Finance costs   | -3,172,333.74  | 164,372.53     | 7,373,783.33   | -3,467,057.33  |
| Income tax expense  | 13,415,113.49  | 4,000,799.52   | 2,534,205.92   | 0              |
| Net profit  | 64,781,109.89  | 26,066,324.30  | 18,526,218.16  | 7,321,158.81   |
| Net profit from discontinued operations                             | —              | —              | —              | —              |
| Other comprehensive income  | —              | —              | —              | —              |
| Total comprehensive income  | 64,781,109.89  | 26,066,324.30  | 18,526,218.16  | 7,321,158.81   |
| Dividends received from joint venture in the Reporting Period       | —              | —              | —              | —              |

## IX. The Risk Related to Financial Instruments

The Company's main financial instruments include equity investment, credit investment, borrowings, accounts receivable, accounts payable, etc. Details of the various financial instruments are shown in the relevant notes to Annotation VI. Risks related to these financial

instruments, and risk management policies the Company has adopted to reduce these risks are described as follows. The Company management manages and monitors the risk exposure in order to ensure the above risks to be controlled in a limited scope.

The Company use sensitivity analysis technology to analyze the reasonable of risk variables, influence of probable changes to the current profit or loss and Stockholders' equity. Because rarely any risk variables change in isolation, and the correlation between variables for the eventual impact of the change of a risk variables will have a significant effect, thus, the aforesaid content was processing under the assumption of the change of each variable was conducted independently.

### **(I) Risk Management Objectives and Policies**

The goals of Company engaged in the risk management is to achieve the proper balance between the risks and benefits, reduced the negative impact to the Company operating performance risk to a minimum, maximized the profits of shareholders and other equity investors. Based on the risk management goal, the basic strategy of the Company's risk management is determine and analyze the various risks faced by the Company, set up the bottom line of risk and conducted appropriate risk management, and timely supervised various risks in a reliable way and controlled the risk within the range of limit.

#### **1. Market Risk**

##### **(1) Foreign Exchange Risk**

Foreign exchange risk refers to the risks that may lead to losses due to fluctuation in exchange rate. The foreign exchange risk borne by the Company is related to USD. Except the procurement and sales by US dollars for several subsidiaries of the Company, such as Konka Hong Kong, Konka Electrical Appliances International Trading, Chain Kingdom Memory Technologies, Kangjietong and Jiali, etc., the other main businesses of the Company were settled by RMB. As of 30 June 2019, except for the assets or liabilities mentioned in the table below, the assets and liabilities of the Company are mainly the balance of RMB. The foreign exchange risks produced by the assets and liabilities balance may affect the business performance of the Company.

| Item                      | Period-end     | Period-begin   |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 78,554,119.28  | 135,723,407.43 |
| Accounts receivable       | 184,788,743.39 | 130,507,627.96 |
| Other receivables         | 26,115,881.89  | 13,848,369.43  |
| Interest receivable       | -              | 54,781.10      |
| Accounts payable          | 118,160,661.74 | 21,644,634.75  |

| Item                  | Period-end     | Period-begin   |
|-----------------------|----------------|----------------|
| Short-term borrowings | 139,691,704.64 | 208,330,389.67 |
| Interest payable      | 803,078.36     | 1,302,303.49   |

The Company timely paid attention to the influence of change of the exchange rate to the Company's foreign exchange risk, which required the Group and others which conducted purchase and sale with settlement by foreign currency to purchase foreign currency long-term forward contract to lock the cost of purchase on forward date to reduce the risk exposure of foreign exchange.

The foreign exchange risk sensitivity analysis assumes that all overseas business net investment hedging and cash flow hedging are highly effective. On the basis of the above assumptions, the pre-tax effects of reasonable changes in exchange rates on current profits and losses and shareholders' equity are as follows, with other variables unchanged:

| Item              | Change in interest rate | Influence on shareholders' equity |
|-------------------|-------------------------|-----------------------------------|
| Net assets in USD | Up 1.00% to RMB         | 1,588,225.84                      |
| Net assets in USD | Down 1.00% to RMB       | -1,588,225.84                     |

## (2) Interest Rate Risk- Cash Flow Change Risk

Cash flow change risk caused by financial instruments due to interest rate change is related to bank loans. By establishing good relations with banks and reasonable planning of credit line, credit varieties and credit period, it is to guarantee sufficient band line of credit and satisfy all financial demands. Moreover, it is to reduce risks of interest rate uncertainty by shortening single loan term and establishing repayment terms.

The risk of change in cash flow of financial instruments due to the change of interest rate of the Company is mainly related to the borrowing of banks. As of 30 June 2019, the long-term and short-term borrowings had a total balance of RMB14,448,367,813.

Interest rate risk sensitivity analysis:

The Sensitivity analysis to interest rate risk was based on the follow assumption:

- Market interest rates change may affect the interest income or expense of variable rate financial instruments;
- For fixed-rate financial instruments measured at fair value, changes in market interest rates only affect their interest income or expenses;

- For derivative financial instruments designated as hedging instruments, changes in market interest rates affect their fair value, and all interest rate hedges are expected to be highly effective;
- Calculate the fair value changes of derivative financial instruments and other financial assets and liabilities using the discounted cash flow method at the market interest rate on the balance sheet date.

On the basis of the above assumptions, the pre-tax effects of reasonable changes in interest rates on current profits and losses and shareholders' equity are as follows, with other variables unchanged:

| Item  | Change in interest rate | Reporting Period     |                                   | Same period of last year |                                   |
|---|-------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|
|   |                         | Influence on profits | Influence on shareholders' equity | Influence on profits     | Influence on shareholders' equity |
| Interest of short-term and long-term borrowings | Up 1%                   | -144,483,678.13      | -108,362,758.60                   | -108,984,477.03          | -81,738,357.77                    |
| Interest of short-term and long-term borrowings | Down 1%                 | 144,483,678.13       | 108,362,758.60                    | 108,984,477.03           | 81,738,357.77                     |

## 2. Credit Risk

On 30 June 2019, the biggest credit risk exposure may lead to the financial assets losses of the Company was mainly from the one party fail to perform its obligation, which included: carrying amount recognized in consolidated balance sheet. For financial instruments measured at fair value, the carrying value reflect its risk exposure, but not the biggest one, and the biggest risk exposure will change along with the change of future fair value.

In order to reduce the credit risk, the Company establish a group response for recognizing line of credit, conducting credit approval and other monitor procedures to ensure that the necessary measures were used to recycle expired claims. In addition, the Company at each balance sheet date, review every single receivables recycling situation, to ensure that the money unable to recycle withdrawn provision for bad debt fully. Thus, the Company management believed that have assume the credit risk the Company shouldered had been greatly reduced.

The Company's working capital was in bank with higher credit rating, so credit risk of



working capital was low.

An analysis of a financial asset that has suffered a single impairment, including factors that determine the impairment of the financial asset.

The Company has adopted the necessary policies to ensure that all sales customers have a good credit history. Except for the items listed in the table below, the company has no other major credit concentration risks.

| Item   | Ending balance e | Beginning balance |
|--|------------------|-------------------|
| Accounts receivable  |                  |                   |
| CEFC(Shanghai) Group Co.,Ltd.  | 300,027,889.84   | 300,027,889.84    |
| Jiangsu Hongtu Sanbao High-Tech Technology Co.,Ltd.                    | 200,000,000.00   | 200,000,000.00    |
| Elion Resources Group Limited.   | 115,000,000.00   | 120,000,000.00    |
| Jizhong Energy International Logistics Group Co., Ltd.                 | 0.00             | 130,000,000.00    |
| China Nuclear Engineering Construction Group Co., Ltd.                 | 84,500,000.00    | 90,000,000.00     |
| CCCC First Harbor Engineering Co., Ltd.                                | 65,221,300.00    | 0.00              |
| Tahoe Group Co, Ltd.   | 50,000,000.00    | 50,000,000.00     |
| China Energy Power Fuel Co., Ltd.                                      | 50,000,000.00    | 50,000,000.00     |
| DSC HOLDINGS LIMITED   | 24,462,454.04    | 24,421,550.36     |
| Other receivables  |                  |                   |
| National energy-saving and benefiting people (Energy-saving subsidies) | 152,402,680.00   | 152,402,680.00    |
| Shenzhen Konka Video & Communication Systems Engineering Co., Ltd.     | 18,115,952.51    | 18,115,952.51     |
| Chongqing Konka Auto Electronic Company                                | 13,396,856.82    | 13,396,856.82     |

### 3. Liquidity Risk

When managing liquidity risk, the Company maintained the management's believe that supervising the sufficient cash and cash equivalents to meet the operating demand of the Company and reduce the influence of the fluctuation of cash flow. The management of the

Company monitored the use of bank's loans and guaranteed the observance of the borrowing agreements.

The Company took the bank's loans as the main financing channel. The retained amount of loans of the Company by the end of 30 June 2019 was RMB6447.995 million.

## (II) Offset between Financial Assets and Financial Liabilities

At the end of the period, the status of confirmed financial assets under an enforceable total offset agreement or similar agreement is as follows:

| Item              | Period-end                       |  |  |
|-------------------|----------------------------------|--|--|
|                   | Total confirmed financial assets | Amount offset of confirmed financial liabilities | Net financial assets listed in the balance sheet |
| Other receivables | 4,574,341,332.80                 | 4,634,560,510.88                                 | 60,219,178.08                                    |

Note: The Company signed the general offset agreements with the bank of finance products, time deposit, import and export invoice financing, L/C and bank's acceptance bills.

## X. The Disclosure of Fair Value

### 1. Ending Fair Value of Assets and Liabilities at Fair Value

| Item   | Ending fair value                       |   |   |                         |
|--|---|---|---|-------------------------|
|  | Fair value measurement items at level 1 | Fair value measurement items at level 2 | Fair value measurement items at level 3 | Total                   |
| I. Consistent fair value measurement                     |   |   |   |                         |
| (I) Trading financial assets                             | -                                       | -                                       | 61,494,666.97                           | 61,494,666.97           |
| 1. Financial assets at fair value through profit or loss | -                                       | -                                       | 61,494,666.97                           | 61,494,666.97           |
| (1) Debt instrument investment                           | -                                       | -                                       | -                                       | -                       |
| (2) Equity instrument investment                         | -                                       | -                                       | 61,494,666.97                           | 61,494,666.97           |
| (3) Derivative financial assets                          | -                                       | -                                       | -                                       | -                       |
| (II) Other equity investment                             | -                                       | -                                       | -                                       | -                       |
| (III) Other equity instrument investment                 | -                                       | -                                       | 19,140,214.36                           | 19,140,214.36           |
| (IV) Other non-current financial assets                  | -                                       | -                                       | 1,548,364,400.00                        | 1,548,364,400.00        |
| <b>Total assets of consistent fair value measurement</b> | -                                       | -                                       | <b>1,628,999,281.33</b>                 | <b>1,628,999,281.33</b> |
| (V) Trading financial liabilities                        | -                                       | -                                       | -                                       | -                       |
| <b>Total liabilities of consistent fair</b>              |   |   |   |                         |

| Item  | Ending fair value                       |   |   | Total |
|---|---|---|---|-------|
|   | Fair value measurement items at level 1 | Fair value measurement items at level 2 | Fair value measurement items at level 3 |       |
| <b>value measurement</b>  |   |   |   |       |
| <b>Total assets of inconsistent fair value measurement</b>      |   |   |   |       |
| <b>Total liabilities of inconsistent fair value measurement</b> | -                                       | -                                       | -                                       | -     |

## 2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 3

Consistent and inconsistent fair value measurement items at level 3 adopting the value appraisal techniques and the qualitative and quantitative information of important parametric in non-listed equity instrument investment, the Company concerned shall adopt investment cost method, market multiplier method, and net assets method to estimate the fair value. The Company believes that the fair value and changes estimated by using value appraisal techniques is reasonable, and will be the most appropriate value on the balance sheet date.

## XI. Related Party and Related-party Transactions

### 1. Information Related to the Company as the Parent of the Company

| Name                                  | Registration place | Nature of business                         | Registered capital | Proportion of share held by the Company as the parent against the Company (%) | Proportion of voting rights owned by the Company as the parent against the Company (%) |
|---------------------------------------|--------------------|--|--------------------|---|--|
| Overseas Chinese Town Enterprises Co. | Shenzhen           | Tourism, real estate, electronics industry | RMB12 billion      | 29.999997   | 29.999997  |

Note: The final controller of the Company is State-owned Assets Supervision and Administration Commission

### 2. Subsidiaries of the Company

Refer to Note VIII-1. Equity in Subsidiaries

### 3. Information on the Associated Enterprises of the Company

Refer to Note VIII-3. Equity in Associated Enterprises for details of significant associated enterprises of the Company. Information on other joint ventures or associated enterprises occurring connected transactions with the Company in Reporting Period, or forming balance due to connected transactions made in previous period:

| Name   | Relationship with the Company |
|--|-------------------------------|
| Shenzhen Konka Information Network Co., Ltd. | Associated enterprise         |

| Name  | Relationship with the Company |
|---|-------------------------------|
| Anhui Kaikai Shijie E-commerce Co., Ltd.                  | Associated enterprise         |
| Beijing Konka Technology Co., Ltd.                        | Associated enterprise         |
| Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.     | Associated enterprise         |
| Oriental Huijia (Zhuhai) Asset Management Co., Ltd.       | Associated enterprise         |
| Feidi Technology (Shenzhen) Co., Ltd.                     | Associated enterprise         |
| Guangdong Hotcomm Information Technology Co., Ltd.        | Associated enterprise         |
| Helongjiang Longkang Zhijia Technology Co., Ltd.          | Associated enterprise         |
| Konka Ventures  | Associated enterprise         |
| Kunshan Konka Electronic Co., Ltd.                        | Associated enterprise         |
| Shenzhen Jielunte Technology Co., Ltd.                    | Associated enterprise         |
| Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd. | Associated enterprise         |
| Shenzhen RF-LINK Technology Co., Ltd.                     | Associated enterprise         |
| Shenzhen Yaode Technology Co., Ltd.                       | Associated enterprise         |
| Shenzhen Zhongbing Konka Technology Co., Ltd.             | Associated enterprise         |
| Weihai Water Environmental protection Technology Co.,Ltd. | Associated enterprise         |
| Chongqing Qingjia   | Associated enterprise         |
| Zhuhai Jinsu Plastic Co., Ltd.                            | Associated enterprise         |
| Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd. | Associated enterprise         |
| Chuzhou Konka Technology & Industry Development Co., Ltd. | Associated enterprise         |
| Henan Konka Smart Electrical Appliance Co., Ltd.          | Associated enterprise         |
| Shandong Konka Smart Electrical Appliance Co., Ltd.       | Associated enterprise         |
| Shenzhen E-display Co., Ltd.                              | Associated enterprise         |
| HorgosYilingfang Information Technology Co., Ltd.         | Associated enterprise         |

#### 4. Information on Other Related Parties

| Name  | Relationship with the Company            |
|---|--|
| Guoguang Eastern Network (Beijing) Co., Ltd.                            | Shareholder of the associated enterprise |
| Anhui Konka Green Lighting Technology Co., Ltd.                         | Subsidiary of associated enterprise      |
| Nanjing Smart Light Information Technology Research Institute Co., Ltd. | Minority shareholder of subsidiary       |
| Chengdu One Belt Communication Equipment Co., Ltd.                      | Minority shareholder of subsidiary       |
| Shenzhen Konka Unifortune Technology Co., Ltd.                          | Minority shareholder of subsidiary       |
| AUJET INDUSTRY LIMITED  | Minority shareholder of subsidiary       |
| Chuzhou Hanshang Electric Appliance Co.,Ltd.                            | Minority shareholder of subsidiary       |

|  |  |
|--|--|
| Shenzhen Henglongtong Technology Co., Ltd.                                 | Minority shareholder of subsidiary   |
| Shenzhen Trade Link Supply Chain Management Co., Ltd.                      | Minority shareholder of subsidiary   |
| Rushan Water Group Co., Ltd.   | Minority shareholder of subsidiary   |
| Huarun Environment Water Co., Ltd.   | Minority shareholder of subsidiary   |
| Weihai Water Group Sewerage Co., Ltd.                                      | Minority shareholder of subsidiary   |
| Laizhou Jinzhou Investment Co., Ltd.                                       | Minority shareholder of subsidiary   |
| DaosuiGroup Engineering Co.,Ltd.   | Minority shareholder of subsidiary   |
| Weihai WaterGroup Co., Ltd.  | Minority shareholder of subsidiary   |
| China Tiesiju Civil Engineering Group Co.Ltd                               | Minority shareholder of subsidiary   |
| Huanjia Group Co.,Ltd.   | Minority shareholder of subsidiary   |
| Laizhou Urban Investment Development Co., Ltd.                             | Minority shareholder of subsidiary   |
| Subei Mongol Autonomous County Urban Construction Investment Co., Ltd.     | Minority shareholder of subsidiary   |
| UNIFORTUNE (HK) COMPANY LIMITED  | Majority-owned company controlled by minority shareholder                            |
| Guangan Ouqishi Electronic Technology Co., Ltd.                            | Majority-owned company controlled by minority shareholder                            |
| Guizhou Jiaguida Technology Co., Ltd.                                      | Majority-owned company controlled by minority shareholder                            |
| Zhongliada Co.,Ltd.  | Majority-owned company controlled by minority shareholder                            |
| Hu Jiawen  | Close family members of the non-controlling interest                                 |
| Dai Rongxing   | Close family members of the non-controlling interest                                 |
| Changrong Media Co., Ltd.  | The final controller of the non-controlling interest of the subsidiary               |
| Jiangxi Meiji Industry Co., Ltd.   | Controlled by the final controller of the non-controlling interest of the subsidiary |
| Shenzhen Zhonglian Datong Supply Chain Management and Consulting Co., Ltd. | Controlled by the final controller of the non-controlling interest of the subsidiary |

## 5. List of Related-party Transactions

### (1) Information on Acquisition of Goods and Reception of Labor Service

#### ① Information on acquisition of goods and reception of labor service

| Related party                                   | Content                             | Reporting Period | Same period of last year |
|---|-------------------------------------|------------------|--------------------------|
| Guangan Ouqishi Electronic Technology Co., Ltd. | Supply chain commodity purchase     | 253,830,553.49   | -                        |
| Kunshan Konka Electronic Co., Ltd.              | Purchase of materials and commodity | 274,774,273.58   | 576,672,801.38           |
| Guizhou Jiaguida Technology Co., Ltd.           | Purchase of mobile phones           | 86,082,016.27    | -                        |

| Related party   | Content                           | Reporting Period | Same period of last year |
|---|-----------------------------------|------------------|--------------------------|
| Shenzhen Konka Information Network Co., Ltd.                              | Commodity purchase                | 15,852,710.51    | 219,735,005.00           |
| Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries               | Purchase of materials             | 90,792,814.55    | 165,222,526.85           |
| Shenzhen Trade Link Supply Chain Management Co., Ltd.                     | Supply chain commodity purchase   | 73,460,368.85    | -                        |
| Chuzhou Hanshang Electric Appliance Co.,Ltd.                              | Commodity purchase                | 272,127,488.75   | -                        |
| OCT Group and its subsidiaries  | Purchase of materials and service | 9,225,567.47     | 13,494,613.22            |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                                  | Commodity purchase                | 3,139,931.77     | -                        |
| Zhuhai Jinsu Plastic Co., Ltd.  | Purchase of materials             | 6,015,944.41     | 4,146,000.00             |
| Changrong Media Co., Ltd.   | Advertising agency                | 896,226.41       | 1,660,000.00             |
| Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.                 | Commodity purchase                | 2,468,262.65     | 289,054.46               |
| Beijing Konka Technology Co., Ltd.  | Commodity purchase                | -                | 1,393,783.09             |
| Shenzhen RF-LINK Technology Co., Ltd.                                     | Purchase of materials             | 7,129,499.00     | -                        |
| Shenzhen Zhonglian Datong Supply Chain Management and Consulting Co., Ltd | Consultancy                       | -                | 1,160,469.47             |
| Shenzhen Yaode Technology Co., Ltd.                                       | Purchase of materials             | 114,631.57       | -                        |
| Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.                 | Commodity purchase                | -                | 351,361.55               |
| Huanjia Group Co., Ltd.   | Commodity purchase                | 413,499,020.39   | -                        |
| Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.                     | Purchase service                  | -                | 7,391,146.29             |

## ② Information of sales of goods and provision of labor service

| Related party                            | Content                      | Reporting Period | Same period of last year |
|--|------------------------------|------------------|--------------------------|
| AUJET INDUSTRY LIMITED                   | Supply chain commodity sales | 116,061,505.67   | -                        |
| Kunshan Konka Electronic Co., Ltd.       | Sales of materials           | 241,955,310.50   | 422,921,017.22           |
| Anhui Kaikai Shijie E-commerce Co., Ltd. | Commodity sales              | 352,930,313.69   | -                        |

|   |   |                |                |
|---|---|----------------|----------------|
| Guangan Ouqishi Electronic Technology Co., Ltd.             | Supply chain commodity sales              | 228,125,999.21 | -              |
| Shenzhen Konka Information Network Co., Ltd.                | Sales of materials, provide service       | 2,174,394.52   | 102,627,704.48 |
| Shenzhen Yaode Technology Co., Ltd.                         | Sales of materials                        | 224,738,792.69 | -              |
| OCT Group and its subsidiaries                              | Sales of commodity and providing services | 18,520,935.33  | 18,646,368.89  |
| Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries | Providing labor service                   | 42,653,586.74  | 14,485,742.69  |
| Helongjiang Longkang Zhijia Technology Co., Ltd.            | Sales of commodity                        | 11,863,615.67  | -              |
| Zhonglianda Co., Ltd.                                       | Sales of materials                        | 6,785,233.07   | -              |
| Shenzhen Trade Link Supply Chain Management Co., Ltd.       | Sales of materials                        | 3,900,956.90   | -              |
| Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.   | Advertising service                       | 294,667.21     | -              |
| Guoguang Eastern Network (Beijing) Co., Ltd.                | Advertising service                       | 9,838.02       | 1,385,765.21   |
| Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries  | Rental service                            | 2,000,434.75   | -              |
| Shenzhen RF-LINK Technology Co., Ltd.                       | Rental service                            | 291,552.02     | -              |
| Oriental Huijia (Zhuhai) Asset Management Co., Ltd.         | Rental service                            | 197,959.99     | -              |
| Beijing Konka Technology Co., Ltd.                          | Rental service                            | 325,631.95     | 7,901,215.40   |
| Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.   | Sales of commodity                        | -              | 3,235.90       |
| Binzhou Beihai Weiqiao Solid and Waste Treatment Co., Ltd.  | Engineering expense                       | 2,294,871.78   | -              |
| Chuzhou Hanshang Electric Appliance Co., Ltd.               | Sales of materials                        | 12,761,245.95  | -              |
| Chuzhou Konka Technology & Industry Development Co., Ltd.   | Providing labor service                   | 1,415,094.30   | -              |
| Guizhou Jiaguida Technology Co., Ltd.                       | Sales of commodity                        | 256,149.18     | -              |
| Henan Konka Smart Electrical Appliance Co., Ltd.            | Sales of commodity                        | 3,412,835.40   | -              |

|   |                    |               |   |
|---|--------------------|---------------|---|
| Shandong Konka Smart Electrical Appliance Co., Ltd. | Sales of commodity | 35,713,503.46 | - |
|---|--------------------|---------------|---|

## (2) Information on Related-party Lease

| Name of lessor                 | Category of leased assets                           | The lease fee confirmed in the Reporting Period | The lease fee confirmed in the same period of last year |
|--------------------------------|---|---|---|
| OCT Group and its subsidiaries | Commercial residential building and office building | 711,709.06                                      | -   |

## (3) Information on Related-party Guarantee

## ① The Company was guarantor

| Secured party    | Guarantee amount (RMB'0,000) | Currency | Start date | End date   | Execution accomplished or not |
|------------------|------------------------------|----------|------------|------------|-------------------------------|
| Anhui Tongchuang | 1,398.00                     | CNY      | 2018-11-7  | 2019-11-7  | Not                           |
| Anhui Tongchuang | 500.00                       | CNY      | 2018-9-20  | 2019-8-14  | Not                           |
| Anhui Tongchuang | 1,057.50                     | CNY      | 2019-1-10  | 2019-11-14 | Not                           |
| Anhui Tongchuang | 3,901.00                     | CNY      | 2019-1-11  | 2020-1-11  | Not                           |
| Anhui Tongchuang | 2,018.50                     | CNY      | 2019-1-23  | 2020-1-23  | Not                           |
| Anhui Tongchuang | 3,573.53                     | CNY      | 2018-5-9   | -          | Not                           |
| Anhui Tongchuang | 2,869.00                     | CNY      | 2018-6-19  | -          | Not                           |
| Hong Kong Konka  | 2,300.00                     | USD      | 2019-3-13  | 2020-3-13  | Not                           |
| Hong Kong Konka  | 1,500.00                     | USD      | 2018-8-7   | 2019-8-6   | Not                           |
| Anhui Konka      | 10,000.00                    | CNY      | 2018-12-6  | 2019-12-6  | Not                           |
| Sichuan Konka    | 5,000.00                     | CNY      | 2018-5-28  | 2025-5-24  | Not                           |
| Sichuan Konka    | 4,000.00                     | CNY      | 2019-3-18  | 2022-3-17  | Not                           |
| XingDa HongYe    | 5,800.00                     | CNY      | 2018-11-21 | 2020-11-21 | Not                           |
| XingDa HongYe    | 950.00                       | CNY      | 2018-11-13 | 2020-11-13 | Not                           |
| XingDa HongYe    | 3,897.52                     | CNY      | 2019-4-19  | 2020-4-18  | Not                           |
| XingDa HongYe    | 1,000.00                     | CNY      | 2019-5-20  | 2020-5-19  | Not                           |
| Econ Technology  | 3,135.00                     | CNY      | 2018-10-10 | 2019-10-10 | Not                           |
| Econ Technology  | 703.00                       | CNY      | 2019-4-23  | 2020-4-22  | Not                           |



| Secured party                                    | Guarantee amount<br>(RMB'0,000) | Currency | Start date | End date   | Execution accomplished or not |
|--|---------------------------------|----------|------------|------------|-------------------------------|
| Econ Technology                                  | 5,000.00                        | CNY      | 2019-5-13  | 2020-5-12  | Not                           |
| Jiangxi Konka                                    | 10,000.00                       | CNY      | 2018-12-4  | 2019-12-31 | Not                           |
| Jiangxi Konka                                    | 10,000.00                       | CNY      | 2018-12-7  | 2019-12-6  | Not                           |
| Jiangxi Konka                                    | 10,900.00                       | CNY      | 2019-3-18  | 2021-9-18  | Not                           |
| Jiangxi Konka                                    | 10,000.00                       | CNY      | 2019-2-28  | 2020-2-28  | Not                           |
| Jiangxi Konka                                    | 2,500.00                        | CNY      | 2019-6-27  | 2020-6-26  | Not                           |
| Xinfeng Microcrystalline                         | 3,550.00                        | CNY      | 2019-6-19  | 2020-6-18  | Not                           |
| Anhui Electrical                                 | 13,000.00                       | CNY      | 2019-2-2   | 2024-2-2   | Not                           |
| Bokang Precise                                   | 1,779.11                        | CNY      | 2019-2-20  | 2021-2-20  | Not                           |
| Electronics Technology                           | 3,934.74                        | CNY      | 2019-4-18  | 2020-4-18  | Not                           |
| Electronics Technology                           | 316.39                          | CNY      | 2019-6-20  | 2020-5-17  | Not                           |
| Rushan Yike Water Treatment Co., Ltd.            | 14,740.00                       | CNY      | 2016-12-29 | 2026-12-28 | Not                           |
| Jiangxi Xinxin Jian'an Engineering Co., Ltd.     | 10,000.00                       | CNY      | 2016-12-19 | -          | Not                           |
| Jiangxi Zhongyi Decoration Material Co., Ltd.    | 10,000.00                       | CNY      | 2016-12-19 | -          | Not                           |
| Jiangxi Shanshi Technology Development Co., Ltd. | 10,000.00                       | CNY      | 2016-12-19 | -          | Not                           |

Refer to Note XII-2.-(2) Contingent Liabilities Generated from Providing Debt Guarantees for Other Entities and Financial Influence thereof for details of external guarantees of the Company.

② The Company was secured party

| Guarantor:  | Guarantee amount<br>(RMB'0,000 ) | Currency | Start date | End date  | Execution accomplished or not |
|---|----------------------------------|----------|------------|-----------|-------------------------------|
| Chuzhou State-owned Assets Management Co., Ltd.               | 2,200.00                         | CNY      | 2018-12-6  | 2019-12-6 | Not                           |
| Shenzhen Kangwei Investment Partnership (Limited Partnership) | 2,450.00                         | CNY      | 2018-5-28  | 2025-5-24 | Not                           |
| Shenzhen Kangwei Investment Partnership (Limited Partnership) | 1,960.00                         | CNY      | 2019-3-18  | 2022-3-17 | Not                           |

| Guarantor:   | Guarantee amount<br>(RMB'0,000 ) | Currency | Start date | End date   | Execution accomplished or not |
|--|----------------------------------|----------|------------|------------|-------------------------------|
| Yantai Baijiangyuan Business Management Center (Limited Partnership)     | 816.35                           | CNY      | 2018-10-10 | 2019-10-10 | Not                           |
| Yantai Fengqingtai Investment Center (Limited Partnership)               | 363.03                           | CNY      | 2018-10-10 | 2019-10-10 | Not                           |
| Yantai Qingrunyuan Business Management Center (Limited Partnership)      | 333.56                           | CNY      | 2018-10-10 | 2019-10-10 | Not                           |
| Yantai Qingjiangchuan Business Management Center (Limited Partnership)   | 23.20                            | CNY      | 2018-10-10 | 2019-10-10 | Not                           |
| Zhu Xinming  | 4,900.00                         | CNY      | 2018-12-4  | 2019-12-31 | Not                           |
| Zhu Xinming  | 4,900.00                         | CNY      | 2018-12-7  | 2019-12-6  | Not                           |
| Hunan Vary Tech Packing Co., Ltd.  | 2,000.00                         | CNY      | 2017-4-5   | -          | Not                           |
| Huanjia Group Co., Ltd.  | 24,500.00                        | CNY      | 2018-8-7   | 2023-8-6   | Not                           |
| Zhu Xinming and Leng Sumin   | 21,165.00                        | CNY      | 2018-10-15 | 2020-10-14 | Not                           |
| Wulianfeng Huichuan Network Technology Partnership (Limited Partnership) | 2,585.25                         | CNY      | 2018-8-28  | 2020-8-27  | Not                           |
| Wulianfeng Huichuan Network Technology Partnership (Limited Partnership) | 1,056.34                         | CNY      | 2018-8-28  | 2020-8-27  | Not                           |
| Yantai Fengqingtai Investment Center (Limited Partnership)               | 1,149.66                         | CNY      | 2018-8-28  | 2020-8-27  | Not                           |
| Wulianfeng Huichuan Network Technology Partnership (Limited Partnership) | 73.47                            | CNY      | 2018-8-28  | 2020-8-27  | Not                           |
| Yantai Baijiangyuan Business Management Center (Limited Partnership)     | 5,774.37                         | CNY      | 2018-12-20 | 2020-12-19 | Not                           |
| Yantai Fengqingtai Investment Center (Limited Partnership)               | 2,567.87                         | CNY      | 2018-12-20 | 2020-12-19 | Not                           |
| Yantai Qingrunyuan Business Management Center (Limited Partnership)      | 2,359.42                         | CNY      | 2018-12-20 | 2020-12-19 | Not                           |
| Yantai Qingjiangchuan Business Management Center (Limited Partnership)   | 164.10                           | CNY      | 2018-12-20 | 2020-12-19 | Not                           |
| Huanjia Group Co., Ltd.  | 49,000.00                        | CNY      | 2019-1-18  | 2021-1-17  | Not                           |
| Shenzhen Meixinqi Technology Partnership (Limited Partnership)           | 7,350.00                         | CNY      | 2019-1-29  | 2020-1-28  | Not                           |
| Chuzhou Hanshang Electric Appliance Co., Ltd.                            | 6,370.00                         | CNY      | 2019-2-2   | 2024-2-2   | Not                           |
| Jiangxi Xinzixin Real Estate Co., Ltd.                                   | 1,739.50                         | CNY      | 2019-6-19  | 2020-6-18  | Not                           |

| Guarantor:   | Guarantee amount<br>(RMB'0,000 ) | Currency | Start date | End date  | Execution accomplished or not |
|--|----------------------------------|----------|------------|-----------|-------------------------------|
| Jiangxi Xinzixin Real Estate Co., Ltd.                                 | 1,225.00                         | CNY      | 2019-6-27  | 2020-6-26 | Not                           |
| Jiangxi Xinzixin Real Estate Co., Ltd.                                 | 5,341.00                         | CNY      | 2019-3-18  | 2021-9-18 | Not                           |
| Jiangxi Xinzixin Real Estate Co., Ltd.                                 | 4,900.00                         | CNY      | 2019-4-23  | 2020-4-23 | Not                           |
| Shenzhen Musen Enterprise Co., Ltd.                                    | 14,700.00                        | CNY      | 2019-3-19  | 2020-3-18 | Not                           |
| Yantai Qingrunyuan Business Management Center (Limited Partnership)    | 74.80                            | CNY      | 2019-4-23  | 2022-4-23 | Not                           |
| Yantai Qingjiangchuan Business Management Center (Limited Partnership) | 5.20                             | CNY      | 2019-4-23  | 2022-4-23 | Not                           |
| Yantai Baijiangyuan Business Management Center (Limited Partnership)   | 183.06                           | CNY      | 2019-4-23  | 2022-4-23 | Not                           |
| Yantai Fengqingtai Investment Center (Limited Partnership)             | 81.41                            | CNY      | 2019-4-23  | 2022-4-23 | Not                           |
| Yantai Qingrunyuan Business Management Center (Limited Partnership)    | 532.00                           | CNY      | 2019-5-13  | 2022-5-12 | Not                           |
| Yantai Qingjiangchuan Business Management Center (Limited Partnership) | 37.00                            | CNY      | 2019-5-13  | 2022-5-12 | Not                           |
| Yantai Baijiangyuan Business Management Center (Limited Partnership)   | 1,302.00                         | CNY      | 2019-5-13  | 2022-5-12 | Not                           |
| Yantai Fengqingtai Investment Center (Limited Partnership)             | 579.00                           | CNY      | 2019-5-13  | 2022-5-12 | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.                                 | 26,764.00                        | CNY      | 2018-1-1   | 2022-4-20 | Not                           |
| Shenzhen Henglongtong Technology Co., Ltd.                             | 26,764.00                        | CNY      | 2018-01-01 | 2022-4-20 | Not                           |
| Hu Zehong  | 9,325.78                         | CNY      | 2018-7-1   | 2021-6-30 | Not                           |
| Hu Zehong  | 4,168.70                         | CNY      | 2018-7-1   | 2021-6-30 | Not                           |
| Li Chunsheng   | 127.44                           | CNY      | 2018-7-1   | 2021-6-30 | Not                           |
| Dai Yaojin   | 127.44                           | CNY      | 2018-7-1   | 2021-6-30 | Not                           |
| Liang Ruiling  | 127.44                           | CNY      | 2018-7-1   | 2021-6-30 | Not                           |
| AUJET INDUSTRY LIMITED   | 245.00                           | USD      | 2018-5-18  | 2019-5-17 | Not                           |
| AUJET INDUSTRY LIMITED   | 73.50                            | USD      | 2018-8-6   | 2019-8-5  | Not                           |
| AUJET INDUSTRY LIMITED   | 98.00                            | USD      | 2018-8-14  | 2019-8-13 | Not                           |
| AUJET INDUSTRY LIMITED   | 147.00                           | USD      | 2018-8-17  | 2019-8-16 | Not                           |

| Guarantor:                                     | Guarantee amount<br>(RMB'0,000 ) | Currency | Start date | End date   | Execution accomplished or not |
|--|----------------------------------|----------|------------|------------|-------------------------------|
| AUJET INDUSTRY LIMITED                         | 147.00                           | USD      | 2018-8-27  | 2019-8-26  | Not                           |
| AUJET INDUSTRY LIMITED                         | 98.00                            | USD      | 2018-9-14  | 2019-9-13  | Not                           |
| AUJET INDUSTRY LIMITED                         | 245.00                           | USD      | 2018-9-26  | 2019-9-25  | Not                           |
| AUJET INDUSTRY LIMITED                         | 98.00                            | USD      | 2018-9-28  | 2019-9-27  | Not                           |
| AUJET INDUSTRY LIMITED                         | 245.00                           | USD      | 2018-10-9  | 2019-10-8  | Not                           |
| AUJET INDUSTRY LIMITED                         | 686.00                           | USD      | 2018-10-11 | 2019-10-10 | Not                           |
| AUJET INDUSTRY LIMITED                         | 392.00                           | USD      | 2018-10-16 | 2019-10-15 | Not                           |
| AUJET INDUSTRY LIMITED                         | 245.00                           | USD      | 2018-10-23 | 2019-10-22 | Not                           |
| AUJET INDUSTRY LIMITED                         | 49.00                            | USD      | 2018-10-26 | 2019-10-25 | Not                           |
| AUJET INDUSTRY LIMITED                         | 171.50                           | USD      | 2018-11-1  | 2019-10-31 | Not                           |
| AUJET INDUSTRY LIMITED                         | 34.30                            | USD      | 2018-12-28 | 2019-12-27 | Not                           |
| AUJET INDUSTRY LIMITED                         | 117.60                           | USD      | 2019-1-23  | 2020-1-22  | Not                           |
| AUJET INDUSTRY LIMITED                         | 245.00                           | USD      | 2019-3-12  | 2020-3-11  | Not                           |
| AUJET INDUSTRY LIMITED                         | 73.50                            | USD      | 2019-5-30  | 2019-7-13  | Not                           |
| AUJET INDUSTRY LIMITED                         | 88.20                            | USD      | 2019-6-28  | 2020-6-27  | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 181.30                           | USD      | 2018-5-18  | 2021-12-30 | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 73.50                            | USD      | 2018-7-26  | 2021-12-30 | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 147.00                           | USD      | 2018-7-31  | 2021-12-30 | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 98.00                            | USD      | 2018-8-17  | 2021-12-30 | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 98.00                            | USD      | 2018-9-27  | 2021-12-30 | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 196.00                           | USD      | 2018-10-25 | 2021-12-30 | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 84.33                            | USD      | 2019-5-23  | 2022-4-19  | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 24.50                            | USD      | 2019-5-30  | 2021-7-12  | Not                           |
| Guizhou Huajinrun Technology Co., Ltd.         | 44.45                            | USD      | 2019-6-20  | 2022-4-19  | Not                           |
| Shenzhen Konka Unifortune Technology Co., Ltd. | 1,470.00                         | USD      | 2018-9-26  | 2021-10-29 | Not                           |
| Shenzhen Konka Unifortune Technology Co., Ltd. | 2,940.00                         | USD      | 2018-5-28  | 2021-11-1  | Not                           |

| Guarantor:                  | Guarantee amount<br>(RMB'0,000 ) | Currency | Start date | End date   | Execution accomplished or not |
|-----------------------------|----------------------------------|----------|------------|------------|-------------------------------|
| Wu Guoren and Xiao Yongsong | 3,500.00                         | USD      | 2018-10-18 | 2019-10-17 | Not                           |
| Wu Guoren and Xiao Yongsong | 1,000.00                         | USD      | 2019-1-1   | 2019-12-31 | Not                           |
| Wu Guoren and Xiao Yongsong | 1,000.00                         | USD      | 2019-1-1   | 2019-12-31 | Not                           |
| Wu Guoren and Xiao Yongsong | 1,000.00                         | USD      | 2019-1-1   | 2019-12-31 | Not                           |
| Wu Guoren and Xiao Yongsong | 2,000.00                         | USD      | 2018-9-6   | 2019-9-5   | Not                           |
| Wu Guoren and Xiao Yongsong | 2,000.00                         | USD      | 2019-4-22  | 2019-12-31 | Not                           |
| Wu Guoren and Xiao Yongsong | 1,500.00                         | USD      | 2019-6-5   | 2019-12-31 | Not                           |
| Wu Guoren and Xiao Yongsong | 150.00                           | USD      | 2019-6-21  | 2019-12-31 | Not                           |
| Wu Guoren and Xiao Yongsong | 500.00                           | USD      | 2018-8-10  | 2019-8-9   | Not                           |
| Wu Guoren and Xiao Yongsong | 300.00                           | USD      | 2018-9-10  | 2019-9-9   | Not                           |
| Wu Guoren and Xiao Yongsong | 300.00                           | USD      | 2018-9-14  | 2019-9-13  | Not                           |
| Wu Guoren and Xiao Yongsong | 500.00                           | USD      | 2018-10-17 | 2019-10-16 | Not                           |
| Wu Guoren and Xiao Yongsong | 300.00                           | USD      | 2018-10-19 | 2019-10-18 | Not                           |
| Wu Guoren and Xiao Yongsong | 300.00                           | USD      | 2018-11-12 | 2019-11-11 | Not                           |
| Wu Guoren and Xiao Yongsong | 2,000.00                         | USD      | 2019-1-1   | 2019-12-31 | Not                           |
| Wu Guoren and Xiao Yongsong | 1,000.00                         | USD      | 2018-7-10  | 2019-7-9   | Not                           |

Note: The Company was provided with counter guarantee regarding entrusted loans from the Company to majority-owned subsidiaries by minority shareholders of aforesaid majority-owned subsidiaries.

#### (4) Information on Inter-bank Lending of Capital of Related Parties

| Related party | Amount    | Start date   | End date      | Duration                     | Interest rate |
|---------------|-----------|--------------|---------------|------------------------------|---------------|
| Borrowing:    |           |              |               |                              |               |
| OCT Group     | 10,000.00 | 25 June 2018 | 12 April 2023 | 14 June 2018 to 6 June 2021  | 5.40%         |
| OCT Group     | 2,000.00  | 25 June 2018 | 12 April 2023 | 19 July 2018 to 14 June 2021 | 5.60%         |

| Related party  | Amount                           | Start date       | End date         | Duration                             | Interest rate |
|--|----------------------------------|------------------|------------------|--------------------------------------|---------------|
| OCT Group  | 140,000.00                       | 25 June 2018     | 12 April 2023    | 14 May 2018 to 13 May 2019           | 5.00%         |
| OCT Group  | 48,000.00                        | 25 June 2018     | 12 April 2023    | 14 May 2018 to 9 May 2019            | 6.00%         |
| OCT Group  | 100,000.00                       | 25 June 2018     | 12 April 2023    | 19 July 2018 to 19 July 2019         | 6.00%         |
| OCT Group  | 10,807.56                        | 25 June 2018     | 12 April 2023    | 14 May 2019 to 9 May 2020            | 5.00%         |
| OCT Group  | 22,192.44                        | 22 April 2019    | 21 August 2019   | 22 April 2018 to 21 August 2019      | 5.00%         |
| OCT Group  | 27,656.00                        | 16 April 2019    | 15 April 2020    | 16 April 2019 to 15 April 2020       | 5.00%         |
| OCT Group  | 50,000.00                        | 26 April 2018    | 31 August 2019   | 26 April 2018 to 31 August 2019      | 5.00%         |
| OCT Group  | 3,000.00                         | 17 December 2018 | 12 December 2019 | 17 December 2018 to 12 December 2019 | 7.00%         |
| Chuzhou Electric Co.,Ltd.                                  | Hanshang Appliance<br>4,025.00   | 20 February 2019 | 19 February 2020 | 20 February 2019 to 19 February 2020 | 7.00%         |
| Chuzhou Electric Co.,Ltd.                                  | Hanshang Appliance               | 17 October 2018  | 16 October 2019  | 17 October 2018 to 16 October 2019   |               |
| Lending:   | 41,600.00                        |                  |                  |                                      | 8.00%         |
| Nanjing Technology Park Operation and Management Co., Ltd. | Kangxing Industrial<br>46,700.00 | 22 October 2018  | 21 April 2019    | 22 October 2018 to 21 April 2019     | 8.00%         |

| Related party  | Amount    | Start date       | End date         | Duration                             | Interest rate |
|--|-----------|------------------|------------------|--------------------------------------|---------------|
| Nanjing Kangxing Technology Industrial Park Operation and Management Co., Ltd. | 20,500.00 | 22 October 2018  | 21 April 2020    | 22 October 2018 to 21 April 2020     | 8.00%         |
| Nanjing Kangxing Technology Industrial Park Operation and Management Co., Ltd. | 4,000.00  | 21 December 2018 | 20 December 2019 | 21 December 2018 to 20 December 2019 | 5.70%         |
| Yibin OCT Sanjiang Real Estate Co., Ltd.                                       | 6,000.00  | 25 October 2018  | 24 October 2021  | 25 October 2018 to 24 October 2021   | 5.70%         |
| Yibin OCT Sanjiang Real Estate Co., Ltd.                                       | 2,000.00  | 25 October 2018  | 24 April 2020    | 25 October 2018 to 24 April 2020     | 11.00%        |
| Hunan Vary Tech Packing Co., Ltd.  | 890.00    | 16 March 2017    | 15 March 2019    | 16 March 2017 to 15 March 2019       | 8.00%         |
| Chongqing Qingjia Electronic Co., Ltd.   | 10,000.00 | 12 April 2018    | 12 April 2020    | 12 April 2018 to 12 April 2020       | 5.40%         |

Note: The interest expenses of inter-bank borrowing of capital from above related parties are as follows: RMB117,352,255.65 of OCT Group and RMB2,713,345.84 of Chuzhou Hanshang Electric Appliance Co.,Ltd. The interest income or investment income of inter-bank lending of capital from above related parties are as follows: RMB82,611,530.36 of Nanjing Kangxing Technology Industry Park, RMB928,721.17 of Yibin OCT Sanjiang Property Co., Ltd., RMB928,721.17 of Hunan Vary Tech Packing Co., Ltd. and RMB337,714.88 of Chongqing Qingjia Electronic Co., Ltd.

#### (5) Transfer of Equity

On 21 June 2019, the Company sold 51% stake in Chuzhou Konka Technology & Industry Development Co., Ltd. at RMB63.5205 million to Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.

#### (5) Information on Remuneration for Key Management Personnel

| Item                                      | Reporting period<br>(RMB'0,000) | Same period of last year<br>(RMB'0,000) |
|---|---------------------------------|---|
| Remuneration for key management personnel | 1,075.01                        | 762.33                                  |

## 6. Accounts Receivable and Payable of Related Party

### (1) Accounts Receivable

| Item  | 30 June 2019    |                    | 31 December 2018 |                    |
|---|-----------------|--------------------|------------------|--------------------|
|   | Carrying amount | Bad debt provision | Carrying amount  | Bad debt provision |
| Accounts receivable:  |                 |                    |                  |                    |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                                | 289,666,975.63  | 5,880,239.61       | 144,976,103.92   | 2,943,014.91       |
| Guangan Ouqishi Electronic Technology Co., Ltd.                         | 111,095,609.10  | 2,255,240.86       | 77,403,347.03    | 1,571,287.94       |
| Shenzhen Yaode Technology Co., Ltd.                                     | 102,603,146.10  | 2,082,843.87       | 38,691,654.09    | 785,440.58         |
| Shenzhen Konka Information Network Co., Ltd.                            | 34,944,423.79   | 4,607,146.63       | 35,556,676.56    | 721,800.53         |
| Guizhou Jiaguida Technology Co., Ltd.                                   | -               | -                  | 34,560,012.48    | 701,568.25         |
| Kunshan Konka Electronic Co., Ltd.                                      | 28,249,771.68   | 2,080,883.27       | 25,051,883.94    | 508,553.24         |
| Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries             | 50,644,597.44   | 1,574,179.83       | 13,445,059.89    | 272,934.72         |
| OCT Group and its subsidiaries  | 2,314,301.24    | 46,980.32          | 13,413,924.15    | 675,135.87         |
| Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.                   | 6,096,891.16    | 609,689.12         | 6,096,891.16     | 304,844.56         |
| Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.               | 2,916,126.00    | 59,197.36          | 3,696,532.00     | 75,039.60          |
| Nanjing Smart Light Information Technology Research Institute Co., Ltd. | 1,500,000.00    | 30,450.00          | 1,500,000.00     | 30,450.00          |
| Helongjiang Longkang Zhijia Technology Co., Ltd.                        | 178,459.16      | 3,622.72           | 822,825.15       | 16,703.35          |
| Guoguang Eastern Network (Beijing) Co., Ltd.                            | -               | -                  | 430,948.43       | 8,748.25           |
| Chuzhou Konka Technology & Industry Development Co., Ltd.               | 20,000.00       | 406.00             | -                | -                  |
| Henan Konka Smart Electrical Appliance Co., Ltd.                        | 1,147,072.34    | 23,285.57          | -                | -                  |
| Shandong Konka Smart Electrical Appliance Co., Ltd.                     | 3,603,594.81    | 73,152.97          | -                | -                  |
| Shenzhen E-display Co., Ltd. and its subsidiaries                       | 60,223,239.55   | 1,222,531.76       | -                | -                  |
| Shenzhen Trade Link Supply Chain  | 626,632.22      | 12,720.63          | -                | -                  |



| Item  | 30 June 2019          |                      | 31 December 2018      |                      |
|---|-----------------------|----------------------|-----------------------|----------------------|
|   | Carrying amount       | Bad debt provision   | Carrying amount       | Bad debt provision   |
| Management Co., Ltd.  |                       |                      |                       |                      |
| Chuzhou Hanshang Electric Appliance Co., Ltd.               | 7,380,291.65          | 149,819.92           | -                     | -                    |
| <b>Total</b>  | <b>703,211,131.87</b> | <b>20,712,390.44</b> | <b>395,645,858.80</b> | <b>8,615,521.80</b>  |
| Notes receivable:   |                       |                      |                       |                      |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                    | 180,000,000.00        | -                    | 240,100,000.00        | -                    |
| Heilongjiang Longkang Zhijia Technology Co., Ltd            | 10,264,507.35         |                      |                       |                      |
| <b>Total</b>  | <b>190,264,507.35</b> | <b>-</b>             | <b>240,100,000.00</b> | <b>-</b>             |
| Other receivables:  |                       |                      |                       |                      |
| Stake transfer of Dairongxing and other come-and-go money   | 83,265,018.32         | 2,489,085.90         | 81,450,139.05         | 2,434,977.07         |
| Jiangxi Meiji Industry Co., Ltd.                            | 99,798,640.31         | 2,205,549.95         | 74,788,640.31         | 1,652,828.95         |
| OCT Group and its subsidiaries                              | 20,911,273.00         | 9,459,496.11         | 21,310,694.38         | 8,720,919.01         |
| Chongqing Qingjia Electronic Co., Ltd.                      | 9,780,111.09          | 465,340.46           | 9,433,133.32          | 210,429.15           |
| Hu Jiawen   | 246,113.98            | 12,330.31            | 240,692.62            | 5,319.31             |
| Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries | 20,831.83             | 4,810.08             | 4,448.00              | 4,448.00             |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                    | 200,000.00            | 4,420.00             | -                     | -                    |
| Chuzhou Konka Technology & Industry Development Co., Ltd.   | 20,500.00             | 453.05               | -                     | -                    |
| Guangan Ouqishi Electronic Technology Co., Ltd.             | 3,440,000.00          | 76,024.00            | -                     | -                    |
| Huanjia Group Co., Ltd.                                     | 30,000.00             | 663.00               | -                     | -                    |
| <b>Total</b>  | <b>217,712,488.53</b> | <b>14,718,172.86</b> | <b>187,227,747.68</b> | <b>13,028,921.49</b> |
| Other receivables:  |                       |                      |                       |                      |
| Shenzhen RF-LINK Technology Co., Ltd.                       | 12,585,374.02         | -                    | 14,086,876.64         | -                    |
| Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries  | 65,829,221.40         | -                    | 43,476,841.21         | -                    |
| <b>Total</b>  | <b>78,414,595.42</b>  | <b>-</b>             | <b>57,563,717.85</b>  | <b>-</b>             |
| Prepayments:  |                       |                      |                       |                      |
| Shenzhen Jielunte Technology Co.,                           | 29,980,819.37         | -                    | 29,647,649.73         | -                    |

| Item  | 30 June 2019          |                    | 31 December 2018     |                    |
|---|-----------------------|--------------------|----------------------|--------------------|
|   | Carrying amount       | Bad debt provision | Carrying amount      | Bad debt provision |
| Ltd. and its subsidiaries                             |                       |                    |                      |                    |
| Shenzhen Konka Unifortune Technology Co., Ltd.        | 28,623,157.08         | -                  | 28,623,157.08        | -                  |
| Chuzhou Hanshang Electric Appliance Co.,Ltd.          | 18,495,853.23         | -                  | 24,076,497.42        | -                  |
| Shenzhen Konka Information Network Co., Ltd.          | 38,034,057.55         | -                  | 4,341,793.16         | -                  |
| Changrong Media Co., Ltd.                             | -                     | -                  | 800,000.00           | -                  |
| Shenzhen Trade Link Supply Chain Management Co., Ltd. | 32,273,300.87         | -                  | 640,726.28           | -                  |
| Chongqing Qingjia Electronic Co., Ltd.                | 552,793.14            | -                  | 499,972.16           | -                  |
| Beijing Konka Technology Co., Ltd.                    | 158,900.00            | -                  | -                    | -                  |
| Guangan Ouqishi Electronic Technology Co., Ltd.       | 14,231,785.93         | -                  | -                    | -                  |
| Huanjia Group Co., Ltd.                               | 106,400,000.00        | -                  | -                    | -                  |
| Shenzhen E-display Co., Ltd. and its subsidiaries     | 31,521,705.00         | -                  | -                    | -                  |
| <b>Total</b>  | <b>300,272,372.17</b> | <b>-</b>           | <b>88,629,795.83</b> | <b>-</b>           |

## (2) Accounts Payable

| Item  | 30 June 2019  | 31 December 2018 |
|---|---------------|------------------|
| Accounts payable:   |               |                  |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                    | 39,335,098.55 | 134,389,975.21   |
| Guizhou Jiaguida Technology Co., Ltd.                       | 2,178,980.37  | 64,466,384.38    |
| Guangan Ouqishi Electronic Technology Co., Ltd.             | -             | 60,730,932.43    |
| Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries | 19,118,416.81 | 40,696,402.04    |
| Kunshan Konka Electronic Co., Ltd.                          | 58,658,005.05 | 19,799,046.85    |
| Shenzhen Shangyongtong Investment Development Co., Ltd.     | 9,543,100.00  | 9,543,100.00     |
| Shenzhen RF-LINK Technology Co., Ltd.                       | 497,131.87    | 1,447,949.90     |
| OCT Group and its subsidiaries, associated enterprises      | 11.00         | 1,289,224.82     |
| Shenzhen Konka Information Network Co., Ltd.                | -             | 1,177,928.64     |
| Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.   | 444,367.00    | 501,669.59       |
| Beijing Konka Technology Co., Ltd.                          | -             | 259,020.69       |
| Shenzhen Henglongtong Technology Co., Ltd.                  | -             | 122,247.47       |

| Item  | 30 June 2019          | 31 December 2018      |
|---|-----------------------|-----------------------|
| Shenzhen Yaode Technology Co., Ltd.                                     | 107,763.39            | 77,602.03             |
| Zhuhai Jinsu Plastic Co., Ltd.  | 1,316,660.54          | 55,912.37             |
| Shenzhen Trade Link Supply Chain Management Co., Ltd.                   | -                     | 38,426.68             |
| Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.               | -                     | 9,209.28              |
| Huanjia Group Co., Ltd.   | 13,735,733.69         | -                     |
| Shenzhen E-display Co., Ltd. and its subsidiaries                       | 23,022,332.04         | -                     |
| China Railway No.4 Engineering Group Co., Ltd.                          | 24,930,259.15         | -                     |
| <b>Total</b>  | <b>192,887,859.46</b> | <b>334,605,032.38</b> |
| Notes payable:  |                       |                       |
| Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries             | 2,663,931.56          | 4,290,778.05          |
| Shenzhen Henglongtong Technology Co., Ltd.                              | -                     | 224,422.12            |
| Kunshan Konka Electronic Co., Ltd.                                      | 480,971.78            | -                     |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                                | 140,000,000.00        | -                     |
| Huanjia Group Co., Ltd.   | 17,062,537.45         | -                     |
| Shenzhen RF-LINK Technology Co., Ltd.                                   | 1,932,419.86          | -                     |
| <b>Total</b>  | <b>162,139,860.65</b> | <b>4,515,200.17</b>   |
| Advances from customers:  |                       |                       |
| UNIFORTUNE (HK) COMPANY LIMITED   | 28,256,294.05         | -                     |
| OCT Group and its subsidiaries  | 16,357,854.41         | 18,691,187.73         |
| Chuzhou Hanshang Electric Appliance Co.,Ltd.                            | -                     | 9,053,304.04          |
| Shenzhen Trade Link Supply Chain Management Co., Ltd.                   | -                     | 1,693,620.91          |
| Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.               | 542,490.38            | 543,231.68            |
| Beijing Konka Technology Co., Ltd.                                      | -                     | 87,748.48             |
| Shenzhen E-display Co., Ltd. and its subsidiaries                       | 15,740,618.95         | -                     |
| Shenzhen Trade Link Supply Chain Management Co., Ltd.                   | 856,854.36            | -                     |
| Zhonglianda Co., Ltd.   | 1,749,509.47          | -                     |
| Nanjing Smart Light Information Technology Research Institute Co., Ltd. | 150,000.00            | -                     |
| AUJET INDUSTRY LIMITED  | 6,681,828.06          | -                     |
| Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries             | 53,775.28             | -                     |
| <b>Total</b>  | <b>70,389,224.96</b>  | <b>30,069,092.84</b>  |
| Other payables:   |                       |                       |
| Chuzhou Hanshang Electric Appliance Co.,Ltd.                            | 78,849,048.66         | 108,380,202.82        |

| Item  | 30 June 2019         | 31 December 2018      |
|---|----------------------|-----------------------|
| Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries              | 9,609,969.79         | 5,638,548.27          |
| Shenzhen RF-LINK Technology Co., Ltd.                                   | 6,215,250.00         | 5,250,000.00          |
| Nanjing Smart Light Information Technology Research Institute Co., Ltd. | -                    | 3,004,339.72          |
| Konka Venture Capital Investment (Shenzhen) Co., Ltd.                   | -                    | 2,503,616.44          |
| Shenzhen Konka Information Network Co., Ltd.                            | -                    | 2,474,483.60          |
| Anhui Kaikai Shijie E-commerce Co., Ltd.                                | -                    | 2,135,675.57          |
| Chongqing Qingjia Electronic Co., Ltd.                                  | -                    | 1,070,875.91          |
| Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries             | 900,000.00           | 400,000.00            |
| OCT Group and its subsidiaries  | -                    | 272,218.08            |
| Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.               | 100,000.00           | 100,000.00            |
| Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.               | 111,875.00           | 35,755.00             |
| Kunshan Konka Electronic Co., Ltd.                                      | -                    | 10,000.00             |
| Shenzhen Qiaochenghui Network Technology Co., Ltd.                      | -                    | 8,000.00              |
| Changrong Media Co., Ltd.   | -                    | 7,000.00              |
| Anhui Konka Green Lighting Technology Co., Ltd.                         | 9,183.55             | -                     |
| <b>Total</b>  | <b>95,795,327.00</b> | <b>131,290,715.41</b> |
| Interest payable:   |                      |                       |
| OCT Group and its subsidiaries, associated enterprises                  | 8,163,418.38         | 7,429,522.22          |
| <b>Total</b>  | <b>8,163,418.38</b>  | <b>7,429,522.22</b>   |

## XII. Commitments and Contingency

### 1. Significant Commitments

#### (1) Capital Commitment

| Item  | Ending balance   | Beginning balance |
|---|------------------|-------------------|
| Commitments signed but hasn't been recognized in financial statements |                  |                   |
| —Commitment on construction and purchase of long-lived assets         | -                | -                 |
| - Contract with large amount  | 1,669,759,371.47 | 1,127,089,984.26  |

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| - Foreign investment commitments | -                | -                |
| Total                            | 1,669,759,371.47 | 1,127,089,984.26 |

## (2) Operating Lease Commitments

As of the balance sheet date, the irrevocable operating lease commitments that the Company signed were as followed:

| Item  | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Minimum lease payments of irrevocable operating lease |                |                   |
| 1 year after balance date                             | 18,148,924.52  | 21,432,789.82     |
| 2 year after balance date                             | 5,432,265.52   | 10,038,667.42     |
| 3 year after balance date                             | 2,683,505.44   | 3,662,167.92      |
| Following years                                       | 2,077,921.20   | 3,938,998.40      |
| Total   | 28,342,616.68  | 39,072,623.56     |

## (3) Other Commitments

As of 30 June 2019, there were no other significant commitments for the Company to disclose.

## 2. Contingency

### (1) Contingent Liabilities Generated from Pending Action and Arbitration and Financial Influence thereof

① Due to the problems of quality and construction delay in the settlement of intelligent engineering project between the Company and Shenzhen GNG Co., Ltd., they didn't agree on the related deductions. On September 28, 2017, Shenzhen GNG Co., Ltd. filed a lawsuit to People's Court of Nanshan District, Shenzhen for the payment in project arrears in the Construction Contract of Konka R&D Building Intelligent Engineering, which required the Company to pay RMB2,770,487.13 for the project arrears and RMB340,761.69 for the interests of the project arrears. On July 23, 2018, the Company filed the counterclaim to Shenzhen GNG Co., Ltd. for the payment in project arrears with RMB927,807.10, and the payment for that the construction was in discrepancy with the contract with RMB927,807.10. According to the paper of civil judgment (2017) Yue 0305 Minchu No. 18838 of People's Court of Nanshan District on April 27, 2019, the Company should pay Shenzhen GNG Co., Ltd. for engineering expense with RMB2,691,298.87, and Shenzhen GNG Co., Ltd. was required to pay the Company for the penalty with RMB649,464.97. The two companies

refused to accept the above judgment and filed an appeal to the Shenzhen Intermediate People's Court. As of the issuance date of this Report, the case has not been held a court hearing.

② Due to the dispute in rent lease contract among the Company's subsidiary-Mudanjiang Appliances, Heilongjiang Jinri Optoelectronics Technology Co., Ltd. and Jinyue Group Co., Ltd., the People's Court of Aimin District, Mudanjiang City, Heilongjiang Province made the main civil judgment (2016) Hei 1004 Minchu No. 604 on August 25, 2017. The judgment was as follows: The defendants Heilongjiang Jinri Optoelectronics Technology Co., Ltd. and Jinyue Group Co., Ltd. should jointly pay the plaintiff-Mudanjiang Appliances a total of RMB3,656,910.82 in occupancy fees, rent, and interest. On November 30, 2018, Mudanjiang Appliances has transferred the credit assignment to the Company, which was executed by the Company. As of the issuance date of this Report, it has not yet been implemented completely.

③ According to the civil judgment (2018) GMC No.110 made by the Higher People's Court of Jiangxi Province on September 27, 2018 on the disputes arisen from a loan contract between the minority shareholders of Jiangxi Konka, a subsidiary of the Company, and China Great Wall AMC Jiangxi Branch, the 100% equity of Nanocrystalline, the 100% equity of Xinfeng Microcrystalline held by Jiangxi Konka and deposit and the collateral under the name of other relevant guarantees;

On September 30, 2018, Jiangxi Konka filed an application for reconsideration, and on October 11, 2018, Jiangxi Konka filed an application for supplementary reconsideration. According to one of the civil judgments (2018) GMC No.110 made by the Higher People's Court of Jiangxi Province on November 16, 2018, the frozen account of Jiangxi Konka will be released.

On July 19, 2019, Jiangxi Konka applied to the Higher People's Court of Jiangxi Province for adding AVIC TRUST CO., LTD. and Nanchang Rural Commercial Bank as the third party to participate in the litigation. As of the issuance date of this Report, the court hasn't made the judgement of first trial.

④ The Company held the trade acceptance of Shanghai Huaxin International Group Co., Ltd., and the acceptor failed to accept the matured notes. In January 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB50,000,000.00, claiming that the acceptor Shanghai Huaxin and the remote holder (Tianjin International Trade Petrochemical Co., Ltd., Konka Commercial Factoring (Shenzhen) Co., Ltd.) should burden the joint liability for settlement of the notes

and corresponding penal interests. And now the case has been officially accepted and registered, in which the court is executing the property preservation. As of the issuance date of this Report, the case has not been held a court hearing, and the aforesaid trade acceptance has not been honored.

The Company held the trade acceptance of Shanghai Huaxin International Group Co., Ltd., and the acceptor failed to accept the matured notes. In February 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB150,000,000.00, claiming that the acceptor Shanghai Huaxin and the remote holder (Qingdao Baoshui Zhongshe International Trade Co., Ltd., Dafenqi Commercial Factoring (Shenzhen) Co., Ltd.) should burden the joint liability for settlement of the notes and corresponding penal interests. And now the case has been officially accepted and registered, in which the court is executing the property preservation. As of the issuance date of this Report, the case has not been held a court hearing, and the aforesaid trade acceptance has not been honored.

The Company held the trade acceptance of Shanghai Huaxin International Group Co., Ltd., and the acceptor failed to accept the matured notes. In July 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB100,027,889.84, claiming that the acceptor Shanghai Huaxin and the remote holder (Yellow River International Trade (Zhengzhou) Co., Ltd., Dafenqi Commercial Factoring (Shenzhen) Co., Ltd.) should burden the joint liability for settlement of the notes and corresponding penal interests. And now the case has been officially accepted and registered, in which the court is executing the property preservation. As of the issuance date of this Report, the case has not been held a court hearing, and the aforesaid trade acceptance has not been honored.

⑤The Company held the trade acceptance of China Energy Power Fuel Co., Ltd., and the acceptor failed to accept the matured notes. The Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB50,000,000.00, claiming that the acceptor and the remote holder should burden the joint liability for settlement of the notes and corresponding penal interests. According to No. (2018) Y03MC3354 Civil Verdict issued by Shenzhen Intermediate People's Court on November 1, 2018, relevant properties under the name of China Energy (Shanghai) Enterprise Co., Ltd., China Energy Power Fuel Co., Ltd., Shanghai Nengping Enterprise Co., Ltd., and Shenzhen Qianhai Baoying Commercial Factoring Co., Ltd. would be sealed up, detained and frozen (RMB50,000,000.00 at most). On July 9, 2019, the Company received the judgement of No.

(2018)Y03MC3354 Civil Verdict issued by Shenzhen Intermediate People's Court, in which the defendant should pay the Company the notes of RMB50,000,000.00 and corresponding interest. As of the issuance date of this Report, the service by publication is undergoing and the aforesaid trade acceptance has not been honored.

⑥The Company's subsidiary Konka Factoring held the trade acceptance of Tahoe Group Co., Ltd., and the acceptor failed to accept the matured notes. In January 2019, Konka Factoring, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB50,000,000.00, claiming that the acceptor and the remote holder (Fuzhou Taijia Enterprise Co., Ltd., Xiamen Linktron Microelectronics Co., Ltd.) should burden the joint liability for settlement of the notes and corresponding penal interest. And now the case has been officially accepted and registered, in which the court is executing the property preservation. As of the issuance date of this Report, the case has not been held a court hearing, and the aforesaid trade acceptance has not been honored.

⑦The Company's subsidiary XingDa Hongye had a dispute over the commission contract with Kunshan Mingyu Electronics Co., Ltd. During the lawsuit, Kunshan Mingyu Electronics Co., Ltd. applied for the property preservation, and RMB2,320,000.00 was frozen from the bank account of XingDa HongYe. According to No. (2018) S0583MC14368 Civil Verdict issued by Kunshan People's Court on January 21, 2019 after the first instance, the respondent XingDa HongYe should pay the commission RMB1,459,941.32 and corresponding overdue interest within 10 days after the verdict came into effect, but XingDa HongYe also instituted an appeal to the court in February 2019. As of the issuance date of this Report, the court has not issued the verdict for the trial of second instance.

⑧The Company's subsidiary, Konka Commercial Factoring(Shenzhen) Co., Ltd. held the trade acceptance of Zhongjiao No.1 Aviation Bureau No.1 Engineering Company, and the acceptor failed to accept the matured notes. In May 2019, Konka Commercial Factoring(Shenzhen) Co., Ltd., as the prosecutor, launched a lawsuit to People's Court of Nanshan District, Shenzhen,, claiming that the acceptor Zhongjiao No.1 Aviation Bureau No.1 Engineering Company should pay the notes of RMB36.2 million and corresponding interest, and the remote holder (Tianjin Xingxi Commercial Trade Co., Ltd., Shenzhen Gujinhong Trade Co., Ltd., Shanghai Tianwei International Trade Co., Ltd. and Shanghai Runlin International Trade Co., Ltd.) should burden the joint liability for the debts of Zhongjiao No.1 Aviation Bureau No.1 Engineering Company. And now the case is under the first trial, in which has applied for executing the property preservation, and is still awaiting trial.



⑨The Company's subsidiary, Konka Commercial Factoring(Shenzhen) Co., Ltd. held the trade acceptance of Zhongjiao No.1 Aviation Bureau No.1 Engineering Company, and the acceptor failed to accept the matured notes. In June 2019, Konka Commercial Factoring(Shenzhen) Co., Ltd., as the prosecutor, launched a lawsuit to the First People's Court of Dongguan,, claiming that the acceptor Zhongjiao No.1 Aviation Bureau No.1 Engineering Company should pay the notes of RMB10 million and corresponding interest, and the remote holder (Tianjin Xingxi Commercial Trade Co., Ltd., Shenzhen Gujinhong Trade Co., Ltd., Shanghai Tianwei International Trade Co., Ltd. and Shanghai Runlin International Trade Co., Ltd.) should burden the joint liability for the debts of Zhongjiao No.1 Aviation Bureau No.1 Engineering Company. And now the case is under the first trial, in which has applied for executing the property preservation, and is still awaiting trial.

⑩The Company held the trade acceptance of China Nuclear Engineering Construction Group Co., Ltd., and the acceptor failed to accept the matured notes. In March 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB80,000,000.00,, claiming that the remote holder Hefei Huajun Commercial Trade Co., Ltd., Wuhan Jialian Agricultural Technology Development Co., Ltd. should pay the notes of RMB80,000,000.00 and corresponding interest. And now the case has been officially accepted and registered, in which the court is executing the property preservation, and is awaiting trial.

⑪ H-BUSTER SAO PAULO INDUSTRIA E COMERCIO S.A (hereinafter referred to as "H-BUSTER") (Brazil), a customer of the Company's subsidiary Hong Kong Konka Limited, became insolvent and obtained in May 2013 the approval from the Third Civil Court of Cotia City of the Court of the State of Sao Paulo, Brazil for its judicial reorganization application. As a creditor of H-BUSTER, Hong Kong Konka submitted its creditor's rights declaration paper, and the amount owed by H-BUSTER to Hong Kong Konka was recognized in August 2014 at approximately US\$2.78 million. However, the aforesaid reorganization plan of H-BUSTER was vetoed at a creditors' meeting. Currently, the bankruptcy and reorganization case of H-BUSTER is still pending.

⑫ In October 2015, Via Licensing Corporation and the Company's subsidiary Hong Kong Konka Limited (hereinafter referred to as "Hong Kong Konka Limited") entered into the Advanced Audio Coding (AAC) Patent Licensing Agreement, in which Via Licensing Corporation allows Hong Kong Konka and its related enterprises to use the patented AAC technology in the production and sale of their products and the licensing fee shall be based on the sales volumes of the products using the patented technology. In April 2018, Via

Licensing Corporation initiated an arbitration at the Hong Kong International Arbitration Centre against Hong Kong Konka and the Company for not paying the licensing fee in full, claiming that Hong Kong Konka and the Company shall pay a licensing fee of approximately US\$18.69 million. Later, Via Licensing Corporation applied to increase the amount to US\$40.3875 million. Up to the issue date of this Report, this case is still awaiting trial.

⑬ In March 2018, Wumart Stores, Inc. filed a lawsuit to the Court of Shijingshan District, Beijing against the Beijing branch of the Company over a purchase and sales contract, asking for the return of a prepayment of RMB10.7367 million. Currently, this case is in the first trial with no decision reached yet.

⑭ The Company held the trade acceptance of HISAP High-technology Co. Ltd. and the acceptor failed to accept the matured notes. In July 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB200,000,000.00, claiming that the remote holder Nanjing Jiongjiong Electronic Technology Co., Ltd., Shenzhen Qianhai Benniu Agricultural Technology Co., Ltd. should pay the notes of RMB200,000,000.00 and corresponding interest. And now the case is under the first instance and is awaiting trial.

## **(2) Contingent Liabilities Generated from Providing Debt Guarantees for Other Entities and Financial Influence thereof**

The Company signed the maximum amount guarantee contract (No. 18czA0012-a-XCYZGBZD2018) with Chuzhou Branch of China Citic Bank on November 7, 2018, in which the Company provided the maximum credit guarantee of RMB58 million to Anhui Konka Tongchuang International Trade Co., Ltd. within three years from the day when the obligation fulfillment period stipulated in the specific business contract expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB 13,980,000.00 by 30 June 2019.

The Company signed the guarantee contract of maximum amount (No. CZZHZGBZ 2018 No.0103) with Chengzhong Branch of Chuzhou Eastern Anhui Rural Commercial Bank on May 9, 2018, in which the Company provided credit guarantee of RMB45,000,000.00 to Anhui Tongchuan. The guarantee period is two years from the expiration of the debt performance period agreed in the relevant credit line agreements, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and

other daily businesses from the bank. The guarantee amount has been used RMB35,735,300.00 by June 30, 2019.

The Company signed the maximum amount guarantee contract (No. CZGSBOZGBT20180011) with Chuzhou Branch of China Everbright Bank on June 19, 2018, in which the Company provided the maximum credit guarantee of RMB30 million to Anhui Konka Tongchuang International Trade Co., Ltd. The guarantee period is two years from the expiration of the debt performance period agreed in the relevant credit line agreements, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB28,690,000.00 by June 30, 2019.

The Company signed the maximum amount guarantee contract (No. 00035 ZSYGBZD2018) (361006) with Hefei Branch of China Zheshang Bank on September 20, 2018, in which the Company provided the maximum credit guarantee of RMB55 million to Anhui Konka Tongchuang International Trade Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract signed between Anhui Tongchuang and Hefei Branch of China Zheshang Bank expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB50,000,000.00 by June 30, 2019.

The Company signed the guarantee contract of maximum amount (No. Jingtian18006) with Shenzhen Branch of China Minsheng Bank Co., Ltd. on January 10, 2019, in which the Company provided the maximum credit guarantee of RMB30 million to Anhui Konka Tongchuang International Trade Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract signed between Anhui Tongchuang and Shenzhen Branch of China Minsheng Bank expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB10,575,000.00 by June 30, 2019.

The Company signed the maximum amount guarantee contract (No. 180302) (240A1) with Chuzhou Branch of Industrial Bank on January 11, 2019, in which the Company provided the maximum credit guarantee of RMB100 million to Anhui Konka Tongchuang International

Trade Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract signed between Anhui Tongchuang and Chuzhou Branch of Industrial Bank expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB39,010,000.00 by June 30, 2019.

The Company signed the guarantee contract of maximum amount (No. 340101001120190300005) with Huangshan Road Branch of Hefei Science & Technology Rural Commercial Bank on January 23, 2019, in which the Company provided the maximum credit guarantee of RMB50,000,000.00 to Anhui Konka Tongchuang International Trade Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract signed between Anhui Tongchuang and Huangshan Road Branch of Hefei Science & Technology Rural Commercial Bank expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB20,185,000.00 by June 30, 2019.

The Company signed the guarantee contract of maximum amount (No. LPLZHGBZ 2019 No. 24105029) with Chuzhou Longpanlu Branch of Huishang Bank Co., Ltd. on 24 June 2019, in which the Company provided credit guarantee of RMB30,000,000.00 to Anhui Tongchuang. The guarantee period is two years from the expiration of the debt performance period agreed in the relevant credit line agreements, and the guarantee mode was the joint liability guaranty. The guarantee amount has been used RMB 0 by June 30, 2019.

The Company signed Comprehensive Credit Line Contract (No. HXSFZLZZD20180921001) and applied to Shenzhen Branch of Guangdong Huaxing Bank for comprehensive credit line of RMB1,000,000,000.00. The guarantee period is from September 29, 2018 to August 29, 2019. The Company has sub-licensed the comprehensive credit line RMB200,000,000.00 the subsidiary Konka Factoring (Shenzhen), and will assume the joint liability for guarantee. As of June 30, 2019, Konka Factoring used RMB 0.

On March 13, 2019, the Company applied to Shenzhen Branch of China Minsheng Bank Co., Ltd. for a letter of guarantee of USD23,000,000.00, helping the subsidiary Hong Kong Konka Co., Ltd. to obtain the financing loan from the bank. The guarantee period is from March 13, 2019 to March 13, 2020. As of June 30, 2019, Hong Kong Konka obtained a loan of USD23,000,000 from Bank of China (Hong Kong) Co., Ltd.

On July 11, 2018, the Company applied to Shenzhen Branch of HSBC Bank (China) Co., Ltd. for a letter of guarantee of USD15,000,000.00, helping the subsidiary Hong Kong Konka Co., Ltd. to obtain the financing loan from the bank. The guarantee period is from August 7, 2018 to August 6, 2019. As of December 31, 2018, Hong Kong Konka obtained a loan of USD 15,000,000 from HSBC Limited.

The Company signed the maximum amount guarantee contract (No. GGBZDDB1800000101834) with Ma'anshan Branch of China Minsheng Bank, providing the joint and several liability guarantee for the debts under the comprehensive credit line agreement signed by Anhui Konka and Ma'anshan Branch of China Minsheng Bank. The guarantee amount is RMB100,000,000.00, and the guarantee period is two years from the expiration of the debt settlement period under the main contract. As of June 30, 2019, the balance of the guarantee amount provided by the Company to Anhui Konka is RMB100,000,000.00. Anhui Konka' another shareholder, Chuzhou State-owned Assets Operation Co., Ltd. provided the counter-guarantee to the Company for 22% of the guarantee amount.

On May 28, 2018, the Company's subsidiary Telecommunication Technology signed the guarantee contract (No.(23301)YSHBZ(180525)00001) with Lingang Branch of Yibin Commercial Bank, providing the joint and several liability guarantee for the debts under the entrusted loan contract jointly signed by its subsidiary Konka Intelligent Terminal, Gloport Group and Lingang Branch of Yibin Commercial Bank. The guarantee amount is RMB140,000,000.00, and the guarantee period is from May 28, 2018 to May 24, 2025. The guaranteed credit line is mainly used for obtaining the loan from the bank for the production and operation of Konka Intelligent Terminal. As of June 30, 2019, the guarantee amount RMB50,000,000.00 was used. Konka Intelligent Terminal' another shareholder, Shenzhen Kangwei Investment Partnership (Limited Partnership) provided the counter-guarantee to Telecommunication Technology for 49% of the guarantee amount.

The Company signed the guarantee contract of maximum amount (No. YBXGZGB 2019 No.002) with Yibin Rural Commercial Bank Co., Ltd. on 18 March 2019, in which the Company provided credit guarantee of RMB40,000,000.00 to Sichuan Konka. The guarantee period is two years from the expiration of the debt settlement period under the Liquidity Revolving Loan Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB40,000,000.00 was used. Sichuan Konka' another shareholder, Shenzhen Kangwei Investment Partnership (Limited Partnership) provided the counter-guarantee to Telecommunication Technology for 49% of the guarantee amount.

On November 21, 2018, the Company signed the guarantee contract (No.1510201811120052BZ-1) with Zhuhai Branch of Xiamen International Bank, providing the joint and several liability guarantee for the debts under the comprehensive credit line contract signed by the subsidiary Xingye Hongda and Zhuhai Branch of Xiamen International Bank. The guarantee amount is RMB58,000,000.00, and the guarantee period is two years from the expiration of the debt settlement period stipulated in the contract. As of June 30, 2019, Xingye Hongda used the guarantee amount RMB58,000,000.00. Xingye Hongda' another shareholder, Hu Zehong provided the counter-guarantee to the Company for 49% of the guarantee amount.

On October 16, 2018, the Company's subsidiary Electronics Technology signed the guarantee contract (No.IFELC18D29PS7Y-U-03) with Far Eastern Leasing, providing the guarantee for the fulfillment of rent payment and other obligations under the after-sales lease back contract signed by the subsidiary Xingye Hongda and Far Eastern Leasing. The guarantee amount is RMB10,000,000.00, and the guarantee period is from November 13, 2018 to November 13, 2020. As of June 30, 2019, the guarantee amount RMB9,500,000.00 was used. Xingye Hongda' another shareholder, Hu Zehong provided the counter-guarantee to the Company for 49% of the guarantee amount.

The Company signed the guarantee contract of maximum amount (No. BZFEF[2019] 010-002) with China Bohai Bank Co., Ltd. on April 19, 2019, in which the Company provided the maximum credit guarantee of RMB38,975,202.80 to XingDa HongYe within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to support the production and operation circulation. As of June 30, 2019, XingDa HongYe used the guarantee amount RMB38,975,202.8. XingDa HongYe' another shareholder, Hu Zehong provided the counter-guarantee to the Company for 49% of the guarantee amount.

The Company signed the guarantee contract of maximum amount (No. XYYSBZ [Zhongshan]201905158001) with Zhongshan Branch of Industrial Bank Co., Ltd. on May 20, 2019, in which the Company provided the maximum credit guarantee of RMB10,000,000.00 to XingDa HongYe within two years from the day when the debtor's obligation fulfillment period stipulated in the Comprehensive Credit Line Agreement, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, XingDa HongYe used the guarantee amount RMB10,000,000.00. XingDa HongYe' another shareholder, Hu Zehong provided the counter-guarantee to the Company for 49% of the guarantee amount.

On August 29, 2018, the Company signed Issuing Guarantee/SLC Agreement with Shenzhen Branch of Bank of China for issuing the letter of guarantee to CTCE Group and providing the pledge guarantee for the capital contribution obligation of Econ Technology in the central urban upgrading project of Weifang Binhai Economic and Technological Development Zone. The guarantee amount is RMB31,350,000.00. Other shareholders of Econ Technology including Yantai Baijiangyuan Enterprise Management Center (Limited Partnership), Yantai Fengqingtai Investment Center (Limited Partnership), Yantai Qingrunyuan Enterprise Management Center (Limited Partnership) and Yantai Qingjiangchuan Enterprise Management Center (Limited Partnership) respectively provided the counter-guarantee to the Company for 26.04%, 11.58%, 10.64% and 0.74% of the maximum debt amount.

On April 23, 2019, The Company signed the guarantee contract of maximum amount (No. YKB 2019-032) with Yantai Branch of China Everbright Bank, in which the Company provided the maximum credit guarantee of RMB20,000,000.00 to Econ Technology within two years from the day when the debtor's obligation fulfillment period stipulated in the Comprehensive Credit Line Agreement, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Econ Technology used the guarantee amount RMB10,000,000.00. Other shareholders of Econ Technology including Yantai Baijiangyuan Enterprise Management Center (Limited Partnership), Yantai Fengqingtai Investment Center (Limited Partnership), Yantai Qingrunyuan Enterprise Management Center (Limited Partnership) and Yantai Qingjiangchuan Enterprise Management Center (Limited Partnership) respectively provided the counter-guarantee to the Company for 26.04%, 11.58%, 10.64% and 0.74% of the maximum debt amount.

On May 13, 2019, the Company signed the maximum amount guarantee contract (No. 2019 220011FSZGBZ 2005) with Yantai Branch of Qilu Bank, in which the Company provided the maximum credit guarantee of RMB50,000,000.00 to Econ Technology within two years from the day when the debtor's obligation fulfillment period stipulated in the Qilu Bank's Comprehensive Credit Line Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Econ Technology used the guarantee amount RMB50,000,000.00. Other shareholders of Econ Technology including Yantai Baijiangyuan Enterprise Management Center (Limited Partnership), Yantai Fengqingtai Investment Center (Limited Partnership), Yantai Qingrunyuan Enterprise Management Center (Limited Partnership) and Yantai Qingjiangchuan Enterprise Management Center (Limited Partnership) respectively provided the counter-guarantee to the Company for 26.04%, 11.58%, 10.64% and 0.74% of the maximum debt amount.

On December 4, 2018, the Company signed the maximum amount guarantee contract (No. XYGXGBZ 20180208) with Nanchang Branch of Industrial Bank, in which the Company provided the maximum credit guarantee of RMB100,000,000.00 to Jiangxi Konka within two years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Jiangxi Konka used the guarantee amount RMB100,000,000.00. Jiangxi Konka' another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On January 17, 2019, the Company signed the maximum amount guarantee contract (No. 0516204\_001) with Nanchang Honggutan District Branch of Bank of Beijing, in which the Company provided the maximum credit guarantee of RMB100,000,000.00 to Jiangxi Konka within two years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Jiangxi Konka used the guarantee amount RMB100,000,000.00. Jiangxi Konka' another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On March 13, 2019, the Company signed the guarantee contract (No. GCL19C0057) with Haitong UniTrust International Leasing Co., Ltd., in which the Company provided the joint liability guarantee for the debts under the Financing Leasing-back Contract and all related attachments signed between Haitong UniTrust and the Company's subsidiary Jiangxi Konka, and the guaranteed amount was RMB119,605,820.00 within two years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract. As of June 30, 2019, the guarantee amount RMB109,000,000.00 was used. Jiangxi Konka' another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On February 28, 2019, the Company signed the maximum amount guarantee contract (No. (2019)XHYZBZ 010013) with Nanchang Branch of China CITIC Bank, in which the Company provided the maximum credit guarantee of RMB100,000,000.00 to the subsidiary Jiangxi Konka New Material Technology Co., Ltd. within three years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Jiangxi Konka used the guarantee amount RMB100,000,000.00. Jiangxi Konka' another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On June 27, 2019, the Company signed the maximum amount guarantee contract (No.



36100520190009207) with Yongxiu County Branch of Agricultural Bank of China, in which the Company provided the maximum credit guarantee of RMB60,000,000.00 to the subsidiary Jiangxi Konka New Material Technology Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB25,000,000.00 was used. Jiangxi Konka' another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On June 19, 2019, the Company signed the maximum amount guarantee contract (No. 36100520190008787) with Anyi County Branch of Agricultural Bank of China, in which the Company provided the maximum credit guarantee of RMB72,000,000.00 to the subsidiary Jiangxi Konka's subsidiary Xinfeng Microcrystalline within two years from the day when the debtor's obligation fulfillment period stipulated in the Xinfeng Microcrystalline's credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB35,500,000.00 was used. Jiangxi Konka' another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On June 26, 2019, the Company signed the maximum amount guarantee contract (No. GZ2019 BZ 025/031) with Guangxi Finance Lease Co., Ltd., in which the Company provided the joint liability guarantee for paying rents and other payments under the Finance Lease Contract signed between Jiangxi Konka's subsidiary Nano Crystallized Glass and Guangxi Finance Lease Co., Ltd., and the guaranteed amount was RMB100,000,000.00 (from June 26, 2019 to June 25, 2022) within two years from the day when the last rent payment obligation was fulfilled as stipulated in the main credit line contract. As of June 30, 2019, the guarantee amount RMB0.00 was used. Jiangxi Konka' another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On February 2, 2019, the Company signed the guarantee contract (No. GDBZ KJ005) with Ma'anshan Branch of China Minsheng Bank, in which the Company provided the joint liability guarantee for the debts under the M&A Loan Contract signed between the Company's subsidiary Electrical Appliance Technology and Ma'anshan Branch of China Minsheng Bank, and the guaranteed amount was RMB130,000,000.00 within two years from the day when the debtor's obligation fulfillment period stipulated in the M&A Loan Contract, and the fulfillment period of the debt under the main contract was 5 years. As of June 30, 2019, the guarantee amount RMB130,000,000.00 was used. Electrical Appliance Technology' another shareholder, Chuzhou Hanshang Electrical Appliance Co., Ltd. provided the counter-guarantee to the Company for 49% of the guarantee amount.

On February 20, 2019, the Company signed the maximum amount guarantee contract (No. GYHBZ [2019]0001) with Huizhou Branch of Bank of Guangzhou, in which the Company provided the maximum credit guarantee of RMB40,000,000.00 to the subsidiary Boluo Konka Precision from February 20, 2019 to February 20, 2021, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB17,791,100.00 was used.

The Company signed the credit line agreement (No. 2019ZZYFEXZ 1000056) with Shenzhen Futian Branch of Bank of China to apply the comprehensive credit line of RMB4,000,000,000.00 from April 18, 2019 to April 18, 2020. The Company transferred the credit line of RMB580,000,000.00 to its subsidiary Electronics Technology and would burden the joint liability for such transferred credit line. As of June 30, 2019, Electronics Technology used the credit line of RMB 39,347,378.19.

The Company signed the maximum amount guarantee contract (No. 5970120190527732001-01) with Guangdong Pilot Free Trade Zone Nansha Branch of Bank of Jiujiang, in which the Company provided the maximum credit guarantee of RMB50,000,000.00 to the Company's subsidiary KonkaPengrun within two years from the day when the debtor's obligation fulfillment period stipulated in the comprehensive credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB0.00 was used. Konka Pengrun's another shareholder, Guizhou Huajinrun Technology Group provided the counter-guarantee to the Company for 49% of the guarantee amount.

On December 27, 2016, the Company's subsidiary Econ Technology signed the guarantee contract (No. YKB 2016-167) with Yantai Branch of China Everbright Bank, in which the Company provided the guarantee for Rushan Yike, and the guaranteed amount was RMB 290 million from December 29, 2016 to December 28, 2026. As of June 30, 2019, the credit line RMB147,400,000.00 was used.

On June 20, 2019, the Company signed the maximum amount guarantee contract (No. 2019 SYQHZBZ 0005) with Shenzhen Branch of China CITIC Bank, in which the Company provided the maximum credit guarantee of RMB50,000,000.00 to the subsidiary Electronics Technology within three years from the day when the debtor's obligation fulfillment period stipulated in the Financing Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB3,163,912.76 was used.

On December 19, 2016, the Company's subsidiary Jiangxi Konka signed the entrusted loan guarantee contract (No.NNYWBZDB10611201612190004 2016) with the Sales Department

of Nanchang Rural Commercial Bank to provide the guarantee for the debt of guarantee contract (No.NNYWBZDB106112016121920020004 2016) signed by Jiangxi Xinxin Jian'an Engineering Co., Ltd. and the Sales Department of Nanchang Rural Commercial Bank. The amount of the Financing Contract is RMB100,000,000.00. The guarantee period is two years from the expiration of the debt settlement period stipulated in the Financing Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount was used RMB100,000,000.00.

On December 19, 2016, the Company's subsidiary Jiangxi Konka signed the entrusted loan guarantee contract (No.NNYWBZDB106112016121900033 2016) with the Sales Department of Nanchang Rural Commercial Bank to provide the guarantee for the debt of guarantee contract (No.NNYWBZDB106112016121620020002 2016) signed by Jiangxi Zhongyi Decorative Material Co., Ltd. and the Sales Department of Nanchang Rural Commercial Bank. The amount of the Financing Contract is RMB100,000,000.00. The guarantee period is two years from the expiration of the debt settlement period stipulated in the Financing Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount was used RMB100,000,000.00.

On December 16, 2016, the Company's subsidiary Jiangxi Konka signed the entrusted loan guarantee contract (No.NNYWBZDB10611201612160002 2016) with the Sales Department of Nanchang Rural Commercial Bank to provide the guarantee for the debt of guarantee contract (No.NNYWBZDB106112016121920020003 2016) signed by Jiangxi Shanshi Science and Technology Co., Ltd. and the Sales Department of Nanchang Rural Commercial Bank. The amount of the Financing Contract is RMB100,000,000.00. The guarantee period is two years from the expiration of the debt settlement period stipulated in the Financing Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount was used RMB100,000,000.00.

### XIII. Events after Balance Sheet Date

#### 1. Significant Non-adjusted Events

| Item | Content | Influence number to the financial position and operating results | Reason of inability to estimate influence number |
|------|---------|--|--|
|      |         |  |  |

|                              |   |   |     |
|------------------------------|---|---|-----|
| Issuance of stocks and bonds | Complete the private placement of corporate bonds of RMB1.5 billion on 23 July 2019 | Increase in bonds payable of RMB1.5 billion | N/A |
|------------------------------|---|---|-----|

## XVI. Other Significant Events

1. The Company signed Guarantee Contract with Chuzhou Branch of Bank of China Co., Ltd. According to the contract, the Company provides the joint liability guarantee for the creditor's rights arising under the credit contract signed by Chuzhou Branch of Bank of China Co., Ltd. and the Company's holding subsidiary Anhui Konka. The guarantee amount is RMB268 million, and the guarantee period is two years from the expiration of the debt performance period agreed in the main contract.

2. On July 18, 2019, the Company signed Issuing Guarantee Agreement with Ningbo Bank Co., Ltd. to provide the guarantee for Hong Kong Konka to apply for the financing loan from Ping An Bank Co., Ltd. by overseas loan under domestic guarantee, providing the joint liability guaranty, and the amount guaranteed is USD13.5 million with one-year guarantee period.

3. On July 5, 2019, the Company submitted the Irrevocable Documentary Credit Application for Issuance/ Amendation/Cancellation to Shenzhen Branch of HSBC Bank (China) Co., Ltd., and applied to postpone the letter of guarantee of USD15,000,000.00 on July 11, 2018 for one year, namely the Company continued to provide the guarantee for applying for the financing loan of Hong Kong Konka to HSBC Bank (China) Co., Ltd. by overseas loan under domestic guarantee. The guarantee amount is USD15,000,000.00.

4. The Company and the Chengzhong sub-branch of Chuzhou Wandong Rural Commercial Bank Co., Ltd. entered into a Guarantee Contract. According to the contract, the Company would provide joint-liability guarantee for loans granted to the Company's majority-owned subsidiary Anhui Konka Tongchuang Electrical Appliances Co., Ltd. under the comprehensive credit line contract entered into between the subsidiary and the financial institution. The guarantee amount would be RMB45 million with a term of three years starting from the expiry of the loan repayment period as stated in the comprehensive credit line contract.

5. Loan by mandate:

(1) The Company, together with Shenzhen Overseas Chinese Town Co., Ltd. and China CITIC Bank Co., Ltd. Shenzhen Branch, has concluded the Sub-agreement for Electronic

Loan by Mandate on Cash Management by CITIC Bank, numbered 811038022341. The amount of loan by mandate under the Agreement is RMB2,000,000,000.00, with a term from the date of entry into force of the Agreement to April 12, 2023. The annual interest rate of the loan is 4% to 10%, subject to the confirmation of the borrower and the principal in the electronic loan by mandate on cash management. Subsequently, the three parties signed a Supplementary Agreement to the Sub-agreement for Electronic Loan by Mandate on Cash Management by CITIC Bank, numbered 811038022341-1, in which the amount of loan by mandate was changed to RMB3,000,000,000.00. As of June 30, 2019, Shenzhen Overseas Chinese Town Co., Ltd. actually provided the Company with a loan balance by mandate of RMB3,000,000,000.00 through Shenzhen Branch of China CITIC Bank.

(2) On September 14, 2017, the Company and OCT Group Co., Ltd. and Shenzhen OCT Branch of China Construction Bank jointly signed Entrusted Loan Contract (No. JSWD 2017141). The total entrusted loan amount is RMB5,000,000,000.00, and the loan term is from September 14, 2017 to December 31, 2018. The three parties signed the entrusted loan extension contract on December 14, 2018 and December 19, 2018, and the total amount subject to such extension is RMB1,276,560,000.00. Later the three parties signed the entrusted loan extension contract on April 18, 2019, and the total amount subject to such extension is RMB278,075,600.00. As of June 30, 2019, the balance of the entrusted loan provided by OCT Group Co., Ltd. to the Company via OCT Branch of China Construction Bank was RMB884,635,570.00.

(3) The OCT Group Co., Ltd. issued the entrusted loan to the Company with the amount of RMB221,924,430.00, and the loan term is from April 16, 2019 to April 15, 2020.

#### 6. Credit Granting:

(1) The Company, Shenzhen Futian Branch of Bank of China and Shenzhen Konka Electronics Technology Co., Ltd. jointly signed the credit line agreement (No. ZZYFEXZD1000056 2019), applying for a credit line of RMB4,000,000,000.00 for issuing the acceptance bills, the non-financing guarantee and the trade financing. The Company provided RMB 1 billion bank acceptance bills for pledge, and agreed to provide the amount of RMB580,000,000.00 in the comprehensive credit line to the subsidiary Electronics Technology for use. The Company would be jointly and severally liable for the comprehensive credit. The credit line shall be valid from the date of the above credit line agreement to April 18, 2020. As of June 30, 2019, a total of RMB1,777,958,859.04 was used from the above credit line, and the remaining credit line is RMB2,222,041,140.96.

(2) The Company signed the credit line extension contract with Shenzhen OCT Branch of

Industrial and Commercial Bank of China to apply for the maximum credit line of RMB1.9 billion and extend the credit line period to September 30, 2019. As of June 30, 2019, a total of RMB1692.3334 million was used from the above credit line, and the remaining credit line is RMB207.6666 million.

(3) The comprehensive credit line contract (No. PYSZZZDA596201711270001) signed on January 2, 2018 with Shenzhen Branch of Ping An Bank was expired on January 1, 2019. As of June 30, 2019, the Company has not extended the contract with Shenzhen Branch of Ping An Bank.

(4) The Company and Shenzhen Branch of China Minsheng Bank signed the comprehensive credit line contract (No. GSXZDJT18006), applying for the maximum credit line of RMB500,000,000.00 for the loan business based on RMB, bill of exchange acceptance, bill of exchange discount, guarantee; foreign currency loans, guarantees, letters of credit, financing guarantees, and buyer factoring guarantees in relation to the trade financing business. Konka Group Co., Ltd. agreed that its subsidiary, Anhui Konka Tongchuang could use the credit line under the comprehensive credit contract and provided the maximum guarantee for the amount used. It's also agreed that the Company could use RMB350,000,000.00 from the above-mentioned credit line, of which, the financing guarantee was limited to USD50 million, and the guaranteed Hong Kong Konka Co., Ltd. for overseas procurement of raw materials; Anhui Konka Tongchuang could use the above credit line RMB30 million, and the Company provided the joint liability guarantee. The types of credit line are limited to the draft acceptance, the discount of bill, the redemption limit of commercial bills and the replacement of bills. Anhui Konka Electronic Co., Ltd. could use the above credit line RMB100 million. As of June 30, 2019, a total of RMB 425.3328 million was used from the above credit line, and the remaining credit line is RMB 74.6672 million.

(5) The Company signed the comprehensive credit line contract with Shenzhen Branch of Bank of Communications, applying for the credit line of RMB500,000,000.00 for the RMB working fund loan, the opening of domestic letters of credit, the letter of guarantee, business limit of derivative products, the opening of the import letters of credit, and the import documentary bills, the financing of import outward remittance. The credit line is valid from June 14, 2019 to June 12, 2019. As of June 30, 2019, a total of RMB250,000,000.00 was used from the above credit line, and the remaining credit line is RMB250,000,000.00.

(6) The Company signed the comprehensive credit line contract (No.SYQHZZD0006 2018) with Shenzhen Branch of China Citic Bank, applying for the comprehensive credit line of RMB400,000,000.00. The credit line period is from October 12, 2018 to July 27, 2019. As of

June 30, 2019, a total of RMB400,000,000.00 was used from the above credit line.

(7) On November 15, 2018, the Company signed the comprehensive credit line contract (No.ZSYZSZD00009 (584600) 2018) with Shenzhen Branch of China Zheshang Bank, applying for the maximum credit line of RMB1,000,000,000.00. The credit line period is from November 15, 2018 to August 14, 2019. As of June 30, 2019, a total of RMB300,000,000.00 was used from the above credit line, and the remaining credit line is RMB 700,000,000.00.

(8) The Company signed the Comprehensive Credit Line Contract (No. HXSFZLZZD20180921001) and applied to Shenzhen Branch of Guangdong Huaxing Bank for the comprehensive credit line of RMB1,000,000,000.00. The guarantee period is from September 21, 2018 to August 29, 2019. The Company has sub-licensed the comprehensive credit line RMB200,000,000.00 to the subsidiary Konka Factoring (Shenzhen). As of June 30, 2019, a total of RMB798.4 million was used from the above credit line, and the remaining credit line is RMB201.6 million.

(9) On May 10, 2018, the Company signed the comprehensive credit line contract (No.BSFZ(2018)9) and the supplementary agreement with Shenzhen Branch of China Bohai Bank, applying for the total credit line of RMB500,000,000.00. The credit line term is one year, and the credit line is used for the working capital loan, the trade bill acceptance, the opening of the import LC, the export LC documentary bills, the import documentary bills and the opening of domestic LC. As of June 30, 2019, a total of RMB366,660,000.00 was used from the above credit line, and the remaining credit line is RMB133,340,000.00.

(10) On November 26, 2018, the Company signed the credit line agreement (No.BY(2018)ZFJGBSXZD1126001) with Shenzhen Nanshan Baosheng Village Bank, applying for the credit line of RMB20,000,000.00, and the credit line period is from November 26, 2018 to November 26, 2019. The credit line is used for the opening of bank acceptance bills, the working capital loans and the discounting of commercial acceptance bills, etc. As of June 30, 2019, a total of RMB20,000,000.00 was used from the above credit line.

(11) On November 28, 2018, the Company signed the credit line contract (No. XYSHSXZ(2018)D0152) with Shenzhen Branch of China Industrial Bank, applying for the maximum credit line of RMB2,000,000,000.00, and the credit line could be used to (but not limited to) the working capital loan, the bank acceptance, the non-financing guarantee, and the letters of credit, etc. The credit line period is valid from November 28, 2018 to November 28, 2019. As of June 30, 2019, a total of RMB479.922 million was used from the above

credit line, and the remaining credit line is RMB1520.078 million.

(12) The Company applied the credit line of RMB1,200,000,000.00 via Shenzhen OCT Branch of Agricultural Bank of China which could be used for the loans, the bill acceptance, the notes discounted, the opening of L/C, the packing loan, the import bill advance, the export bill purchase and the opening of letters of guarantee. The credit line shall be valid from February 28, 2018 to February 28, 2019. As of June 30, 2019, a total of RMB1,060,000,000.00 was used from the above credit line, and the remaining credit line is RMB140,000,000.00.

(13) The Company applied the credit line no more than RMB480,000,000.00 via Shenzhen Branch of Ningbo Bank which could be used for the loans, the bill acceptance, the notes discounted, the opening of LC, the packing loan, the import bill advance, the export bill purchase and the opening of letters of guarantee. The credit line shall be valid from November 29, 2018 to November 29, 2019. As of June 30, 2019, a total of RMB 180,000,000.00 was used from the above credit line.

(14) The Company applied the credit line no more than RMB500,000,000.00 via Shenzhen Branch of Shanghai Pudong Development Bank which could be used for the short-term loans, bank acceptance bill, the notes discounted, the opening of domestic L/C, and the import letter of credit. The expiration of single deal is within one year. As of June 30, 2019, a total of RMB 497,800,000.00 was used from the above credit line, and the remaining credit line is RMB2,200,000.00.

(15) The Company applied the credit line no more than RMB110,000,000.00 via Shenzhen Nantou Branch of Hua Xia Bank which could be used for the loans, the bill acceptance, the notes discounted, and the opening of L/C, etc. As of June 30, 2019, a total of RMB100,000,000.00 was used from the above credit line, and the remaining credit line is RMB0.

(16) The Company applied the non-commitment combined revolving credit line no more than USD30,000,000.00 via Shenzhen Nantou Branch of HSBC which could be used for the financial standby guarantee, commercial financing, short-term loan business. As of June 30, 2019, a total of USD29,509,786.85 was used from the above credit line.

(17) The Company applied for the credit line of RMB2,200,000,000.00 via Shenzhen OCT Branch of China Construction Bank, of which, RMB940,000,000.00 was used as the comprehensive credit line, RMB200,000,000.00 the financing credit line, RMB500,000,000.00 the bonds, RMB40,000,000.00 the working capital loan, RMB20,000,000.00 the capital transaction credit line and RMB500,000,000.00 other



businesses. As of June 30, 2019, a total of RMB1056.89 million was used from the above credit line, and the remaining credit line is RMB1143.11 million.

#### 7. Accounts receivable in Guangdong Huaxing Bank:

The Company entered into the Domestic Factoring Business Contract with Guangdong Huaxing Bank Shenzhen Branch (Contract No. HXSZF20181130001). According to the Contract, Shenzhen Branch of Guangdong Huaxing Bank provides the Company with a factoring quota not exceeding RMB500 million, with a validity from November 30, 2018 to November 29, 2019. As of June 30, 2019, the factoring of accounts receivable of the Company in the bank amounted to RMB486,000,000.00.

### XV. Notes of Main Items in the Financial Statements of the Company

#### 1. Notes Receivable

##### (1) Notes Receivable Listed by Category

| Item                 | Ending balance   | Beginning balance |
|----------------------|------------------|-------------------|
| Bank acceptance bill | 1,588,216,743.04 | 2,176,411,080.13  |
| Trade acceptance     | -                | 4,755,603.77      |
| Total                | 1,588,216,743.04 | 2,181,166,683.90  |

##### (2) Notes Receivable Pledged by the Company at the Period-end

| Item                 | Amount                  |
|----------------------|-------------------------|
| Bank acceptance bill | 1,162,583,020.53        |
| Total                | <b>1,162,583,020.53</b> |

##### (3) Notes Receivable Endorsed by the Company or Discounted and not due on the Balance Sheet Date at the Period-end

| Item                 | Derecognized Amount at the period-end | Non-derecognized amount at the period-end |
|----------------------|---------------------------------------|---|
| Bank acceptance bill | 30,000.00                             | -   |
| Total                | <b>30,000.00</b>                      | -   |

##### (4) Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement at the Period-end

| Item             | Amount of the notes transferred to accounts receivable at the period-end |
|------------------|--|
| Trade acceptance | 634,527,889.84   |
| Total            | <b>634,527,889.84</b>  |

## 2. Accounts Receivable

### (1) Accounts Receivable Classified by Aging

| Aging                    | Ending balance          |
|--------------------------|-------------------------|
| Within 1 year            | 7,570,772,386.95        |
| 1 to 2 years             | 773,828,913.36          |
| 2 to 3 years             | 2,153,499.92            |
| 3 to 4 years             | 5,665,927.72            |
| Over 4 years             | 167,507,512.11          |
| Subtotal                 | <b>8,519,928,240.06</b> |
| Less: Bad debt provision | 253,216,175.40          |
| Total                    | <b>8,266,712,064.66</b> |

### (2) Accounts Receivable Classified by Bad Debt Withdrawal Method

| Category  | Ending balance          |                |                       |                           | Carrying value          |
|---|-------------------------|----------------|-----------------------|---------------------------|-------------------------|
|   | Carrying amount         |                | Bad debt provision    |                           |                         |
|   | Amount                  | Proportion (%) | Amount                | Withdrawal proportion (%) |                         |
| Accounts receivable for which expected credit loss separately accrued           | 661,786,861.45          | 7.77           | 67,967,189.08         | 10.27                     | 593,819,672.37          |
| Accounts receivable for which expected credit loss separately accrued by groups |                         |                |                       |                           |                         |
| Of which: Aging group   | 1,092,201,413.66        | 12.82          | 185,248,986.32        | 16.96                     | 906,952,427.34          |
| Engineering expense group   | -                       | -              | -                     | -                         | -                       |
| Related party group in the Company's combination scope                          | 6,765,939,964.95        | 79.41          | -                     | -                         | 6,765,939,964.95        |
| Total   | <b>8,519,928,240.06</b> | <b>100.00</b>  | <b>253,216,175.40</b> | <b>2.97</b>               | <b>8,266,712,064.66</b> |

(Continued)

| Category | Beginning balance |                    |                |
|----------|-------------------|--------------------|----------------|
|          | Carrying amount   | Bad debt provision | Carrying value |

|   | Carrying amount         | Bad debt provision | Carrying amount       | Bad debt provision |                         |
|---|-------------------------|--------------------|-----------------------|--------------------|-------------------------|
| Accounts receivable for which expected credit loss separately accrued           | 767,486,677.87          | 10.00              | 69,790,565.32         | 9.09               | 697,696,112.55          |
| Accounts receivable for which expected credit loss separately accrued by groups | -                       | -                  | -                     | -                  | -                       |
| Of which: Aging group   | 1,029,783,688.54        | 13.42              | 177,262,039.88        | 17.21              | 852,521,648.66          |
| Engineering expense group   | -                       | -                  | -                     | -                  | -                       |
| Related party group in the Company's combination scope                          | 5,876,525,075.32        | 76.58              | -                     | -                  | 5,876,525,075.32        |
| <b>Total</b>  | <b>7,673,795,441.73</b> | <b>100.00</b>      | <b>247,052,605.20</b> | <b>3.22</b>        | <b>7,426,742,836.53</b> |

① Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

| Accounts receivable (by unit)                          | Ending balance        |                      |                           |   |
|--|-----------------------|----------------------|---------------------------|---|
|  | Carrying amount       | Bad debt provision   | Withdrawal proportion (%) | Withdrawal reason   |
| CEFC(Shanghai) Group Co.,Ltd.                          | 300,027,889.84        | 30,002,788.98        | 10.00                     | Debt default on information disclosure                              |
| Hongtu Sanbao High-Tech Technology Co.,Ltd.            | 200,000,000.00        | 10,000,000.00        | 5.00                      | Debt default on information disclosure,difficult in working capital |
| China Nuclear Engineering Construction Group Co., Ltd. | 84,500,000.00         | 4,225,000.00         | 5.00                      | Difficult in working capital  |
| China Energy Power Fuel Co., Ltd.                      | 50,000,000.00         | 5,000,000.00         | 10.00                     | Difficult in working capital  |
| Henan Radio and Television Network Co., Ltd.           | 4,580,000.00          | 1,374,000.00         | 30.00                     | Expected to be difficult to recover in full                         |
| Beijing CP Lotus Store                                 | 1,656,628.91          | 1,656,628.91         | 100.00                    | Expected to be difficult to recover in full                         |
| Qinhuangdao Baihai Electrical Appliance Co., Ltd.      | 1,430,290.00          | 430,290.00           | 30.08                     | Expected to be difficult to recover in full                         |
| Other  | 19,592,052.70         | 15,278,481.19        | 77.98                     | —   |
| <b>Total</b>   | <b>661,786,861.45</b> | <b>67,967,189.08</b> | <b>10.27</b>              | —   |

② Among these groups, accounts receivable adopting aging method to withdraw bad debt provision

| Item          | Ending balance      |                    |                           |
|---------------|---------------------|--------------------|---------------------------|
|               | Accounts receivable | Bad debt provision | Withdrawal proportion (%) |
| Within 1 year | 804,316,677.28      | 16,331,149.74      | 2.03                      |
| 1 to 2 years  | 127,366,110.66      | 9,386,882.36       | 7.37                      |
| 2 to 3 years  | 1,146,640.85        | 253,980.95         | 22.15                     |
| 3 to 4 years  | 261,523.81          | 166,512.21         | 63.67                     |
| Over 4 years  | 159,110,461.06      | 159,110,461.06     | 100.00                    |
| Total         | 1,092,201,413.66    | 185,248,986.32     | 16.96                     |

③ Among these groups, accounts receivable adopting other method to withdraw bad debt provision

| Item   | Ending balance   |                    |                           |
|--|------------------|--------------------|---------------------------|
|  | Carrying amount  | Bad debt provision | Withdrawal proportion (%) |
| Related party group in the Company's combination scope | 6,765,939,964.95 | -                  | -                         |
| Total  | 6,765,939,964.95 | -                  | -                         |

(3) Particulars of Bad Debt Provision

| Item  | Beginning balance | Changes in the Reporting Period |                      |                           | Ending balance |
|---|-------------------|---------------------------------|----------------------|---------------------------|----------------|
|   |                   | Withdrawal                      | Reversal or recovery | Write-off /other decrease |                |
| Accounts receivable for which expected credit loss separately accrued           | 69,790,565.32     | 2,756,064.82                    | 4,579,441.06         |                           | 67,967,189.08  |
| Accounts receivable for which expected credit loss separately accrued by groups | -                 |                                 |                      |                           |                |
| Of which:<br>Aging group  | 177,262,039.88    | 7,986,946.44                    |                      |                           | 185,248,986.32 |
| Engineering expense group   | -                 |                                 |                      |                           | -              |

|  |                |               |              |   |                |
|--|----------------|---------------|--------------|---|----------------|
| Related party group in the Company's combination scope | -              |               |              |   | -              |
| Total  | 247,052,605.20 | 10,743,011.26 | 4,579,441.06 | - | 253,216,175.40 |

Of which, the significant recovered or reversed amount of bad debt provision in the current period.

| Name   | Reversal or recovery | The way of Reversal or recovery |
|--|----------------------|---------------------------------|
| Jizhong Energy International Logistics Group Co., Ltd. | 3,000,000.00         | Recovered                       |
| Total  | 3,000,000.00         | —                               |

(4) There is no Accounts Receivable Actually Verified in the Current Period

(5) Top 5 Accounts receivable with insignificant single amount for which bad debt provision separately accrued

Total amount of Top 5 of ending balance of the accounts receivable collected according to arrears party was RMB8,386,297,751.93 accounting for 98.43% of total ending balance of accounts receivable. Total ending balance of bad debt provision withdrawn was RMB30,002,788.98.

### 3. Other Receivables

| Item                 | Ending balance   | Beginning balance |
|----------------------|------------------|-------------------|
| Interest receivable  | 2,276,507.84     | 5,769,663.24      |
| Dividends receivable | -                | -                 |
| Other receivables    | 7,866,615,369.75 | 6,660,069,551.06  |
| Total                | 7,868,891,877.59 | 6,665,839,214.30  |

#### (1) Interest Receivable

| Item                     | Ending balance | Beginning balance |
|--------------------------|----------------|-------------------|
| Fix time deposit         | 2,117,568.41   | 3,435,261.69      |
| Entrusted loans          | 153,476.93     | 2,328,939.05      |
| Wealth management income | 5,462.50       | 5,462.50          |
| Total                    | 2,276,507.84   | 5,769,663.24      |

#### (2) Other Receivables

① Other Receivables Disclosed by Aging

| Aging                    | Ending balance          |
|--------------------------|-------------------------|
| Within 1 year            | 6,932,521,149.32        |
| 1 to 2 years             | 513,921,855.55          |
| 2 to 3 years             | 179,004,289.93          |
| 3 to 4 years             | 85,105,749.00           |
| 4 to 5 years             | 32,342,344.33           |
| Over 5 years             | 313,666,650.76          |
| Subtotal                 | <b>8,056,562,038.89</b> |
| Less: Bad debt provision | 189,946,669.14          |
| Total                    | <b>7,866,615,369.75</b> |

## ② Particulars of Withdrawal of Bad Debt Provision

| Bad debt provision   | First stage                                | Second stage   | Third stage  | Total          |
|--|--|--|--|----------------|
|  | Expected credit loss of the next 12 months | Expected loss in the duration (credit impairment not occurred) | Expected loss in the duration (credit impairment occurred) |                |
| Balance of 1 January 2019  | 26,795,869.14                              |  | 162,653,423.19   | 189,449,292.33 |
| Balance of other receivable on 1 January 2019 in the current period: |  |  |  | -              |
| --Transfer to Second stage   |  |  |  | -              |
| -- Transfer to Third stage   |  |  |  | -              |
| -- Reverse to Second stage   |  |  |  | -              |
| -- Reverse to Third stage  |  |  |  | -              |
| Withdrawal of the current period                                     | 662,414.01                                 |  |  | 662,414.01     |
| Reversal of the current period                                       |  |  | 165,037.20   | 165,037.20     |
| Write-offs of the current period                                     |  |  |  | -              |
| Verification of the current period                                   |  |  |  | -              |
| Other changes  |  |  |  | -              |
| Balance of 30 June 2019  | <b>27,458,283.15</b>                       | -  | <b>162,488,385.99</b>                                      | 189,946,669.14 |

| Category | Ending balance  |            |                    |                       | Carrying value |
|----------|-----------------|------------|--------------------|-----------------------|----------------|
|          | Carrying amount |            | Bad debt provision |                       |                |
|          | Amount          | Proportion | Amount             | Withdrawal proportion |                |

|   |                         | (%)        |                       | (%)         |                         |
|---|-------------------------|------------|-----------------------|-------------|-------------------------|
| Other receivables for which expected credit loss separately accrued                       | 173,251,217.33          | 2.15       | 162,488,385.99        | 93.79       | 10,762,831.34           |
| Other receivables withdrawn bad debt provision according to credit risks characteristics: |                         |            |                       |             |                         |
| Group 1: Aging group  | 168,118,322.40          | 2.09       | 26,711,552.07         | 15.89       | 141,406,770.33          |
| Group 2: Low-risk group   | 74,673,108.11           | 0.93       | 746,731.08            | 1           | 73,926,377.03           |
| Group 3: Related party group in the Company's combination scope                           | 7,640,519,391.05        | 94.83      | -                     |             |                         |
| <b>Total</b>  | <b>8,056,562,038.89</b> | <b>100</b> | <b>189,946,669.14</b> | <b>2.36</b> | <b>7,866,615,369.75</b> |

| Category  | Beginning balance       |                |                       |                           |                         |
|---|-------------------------|----------------|-----------------------|---------------------------|-------------------------|
|   | Carrying amount         |                | Bad debt provision    |                           | Carrying value          |
|   | Amount                  | Proportion (%) | Amount                | Withdrawal proportion (%) |                         |
| Other receivables for which expected credit loss separately accrued                       | 173,765,477.33          | 2.54           | 162,653,423.19        | 93.61                     | 11,112,054.14           |
| Other receivables withdrawn bad debt provision according to credit risks characteristics: |                         |                |                       |                           | -                       |
| Group 1: Aging group  | 123,303,853.71          | 1.8            | 26,478,680.53         | 21.47                     | 96,825,173.17           |
| Group 2: Low-risk group   | 29,986,121.11           | 0.44           | 317,188.61            | 1.06                      | 29,668,932.50           |
| Group 3: Related party group in the Company's combination scope                           | 6,522,463,391.24        | 95.22          | -                     | -                         | 6,522,463,391.24        |
| <b>Total</b>  | <b>6,849,518,843.39</b> | <b>100</b>     | <b>189,449,292.33</b> | <b>2.77</b>               | <b>6,660,069,551.06</b> |

### ③ Particulars of Bad Debt Provision

| Category        | Beginning balance | Changes in the Reporting Period |                      |            | Ending balance |
|-----------------|-------------------|---------------------------------|----------------------|------------|----------------|
|                 |                   | Withdrawal                      | Reversal or recovery | Withdrawal |                |
| Other receivabl | 162,653,423.19    | -                               | 165,037.20           | -          | 162,488,385.99 |

|   |                       |                   |                   |          |                       |
|---|-----------------------|-------------------|-------------------|----------|-----------------------|
| es for<br>which<br>expected<br>credit<br>loss<br>separatel<br>y accrued |                       |                   |                   |          |                       |
| Aging<br>Group  | 26,478,680.53         | 232,871.54        |                   | -        | 26,711,552.07         |
| Low-risk<br>Group   | 317,188.61            | 429,542.47        |                   | -        | 746,731.08            |
| <b>Total</b>  | <b>189,449,292.33</b> | <b>662,414.01</b> | <b>165,037.20</b> | <b>-</b> | <b>189,946,669.14</b> |

④ There is no Accounts Receivable Actually Verified in the Current Period

⑤ Top 5 Accounts receivable with insignificant single amount for which bad debt provision separately accrued

| Name of the entity              | Nature                      | Ending balance          | Aging                          | Proportion to ending<br>balance of total<br>other receivables% | Ending<br>balance of<br>bad debt<br>provision |
|---------------------------------|-----------------------------|-------------------------|--------------------------------|--|---|
| Konka Huanjia                   | Related-party<br>borrowings | 1,500,000,000.00        | Within 1 year                  | 18.62  | -   |
| Telecommunication<br>Technology | Related-party<br>borrowings | 1,135,134,400.00        | Within 1 year                  | 14.09  | -   |
| Konka Investment                | Related-party<br>borrowings | 1,019,000,000.00        | Within 1 year                  | 12.65  | -   |
| Anhui Tongchuang                | Related-party<br>borrowings | 580,000,000.00          | Within 1 year, 1 to<br>2 years | 7.20   | -   |
| Econ Technology                 | Related-party<br>borrowings | 471,614,259.00          | Within 1 year                  | 5.85   | -   |
| <b>Total</b>                    | <b>—</b>                    | <b>4,705,748,659.00</b> | <b>—</b>                       | <b>58.41</b>   | <b>-</b>                                      |

⑥ There is no Other Receivables which Terminate the Recognition owing to the Transfer of the Financial Assets.

⑦ There is no Amount of the Assets and Liabilities Formed by the Transfer and the Continues Involvement of Accounts Receivable.



#### 4. Long-term Equity Investment

##### (1) Category of Long-term Equity Investment

| Item                                 | Ending balance          |                      |                         | Beginning balance       |                      |                         |
|--------------------------------------|-------------------------|----------------------|-------------------------|-------------------------|----------------------|-------------------------|
|                                      | Carrying amount         | Depreciation reserve | Carrying value          | Carrying amount         | Depreciation reserve | Carrying value          |
| Investment to subsidiaries           | 5,066,125,372.51        | 46,732,484.69        | 5,019,392,887.82        | 4,562,175,372.51        | 46,732,484.69        | 4,515,442,887.82        |
| Investment to associated enterprises | 1,705,141,187.47        | 5,158,909.06         | 1,699,982,278.41        | 1,672,678,055.95        | 5,158,909.06         | 1,667,519,146.89        |
| <b>Total</b>                         | <b>6,771,266,559.98</b> | <b>51,891,393.75</b> | <b>6,719,375,166.23</b> | <b>6,234,853,428.46</b> | <b>51,891,393.75</b> | <b>6,182,962,034.71</b> |

##### (2) Investment to Subsidiaries

| Investee                        | Beginning balance | Increase      | Decrease | Ending balance | Depreciation reserve withdrawn | Ending balance of depreciation reserve |
|---------------------------------|-------------------|---------------|----------|----------------|--------------------------------|--|
| Mudangjiang Electric Appliances | 36,000,000.00     | -             | -        | 36,000,000.00  | -                              | 36,000,000.00                          |
| Anhui Konka                     | 122,780,937.98    | -             | -        | 122,780,937.98 | -                              | -                                      |
| Dongguan Konka                  | 274,783,988.91    | -             | -        | 274,783,988.91 | -                              | -                                      |
| Hong Kong Konka                 | 781,828.61        | -             | -        | 781,828.61     | -                              | -                                      |
| Konka Europe                    | 3,637,470.00      | -             | -        | 3,637,470.00   | -                              | -                                      |
| Konka Household Appliances      | 10,732,485.69     | -             | -        | 10,732,485.69  | -                              | 10,732,484.69                          |
| Telecommunication Technology    | 300,000,000.00    | 60,000,000.00 | -        | 360,000,000.00 | -                              | -                                      |

| Investee              | Beginning balance | Increase | Decrease      | Ending balance | Depreciation reserve withdrawn | Ending balance of depreciation reserve |
|-----------------------|-------------------|----------|---------------|----------------|--------------------------------|--|
| Domestic appliance    | 31,500,000.00     | -        | -             | 31,500,000.00  | -                              | -                                      |
| Fittings Technology   | 48,750,000.00     | -        | -             | 48,750,000.00  | -                              | -                                      |
| Konka Factoring       | 300,000,000.00    | -        | -             | 300,000,000.00 | -                              | -                                      |
| Wankaida              | 10,000,000.00     | -        | -             | 10,000,000.00  | -                              | -                                      |
| Anhui Tongchuang      | 481,702,612.22    | -        | -             | 481,702,612.22 | -                              | -                                      |
| Beijing Konka         | 200,000,000.00    | -        | -             | 200,000,000.00 | -                              | -                                      |
| Konka E-display       | 7,200,000.00      | -        | 7,200,000.00  | -              | -                              | -                                      |
| Commercial Technology | 5,832,000.00      | -        | -             | 5,832,000.00   | -                              | -                                      |
| Mobile Internet       | 10,200,000.00     | -        | -             | 10,200,000.00  | -                              | -                                      |
| E2info                | 19,322,040.00     | -        | -             | 19,322,040.00  | -                              | -                                      |
| E3info                | 12,000,000.00     | -        | -             | 12,000,000.00  | -                              | -                                      |
| Dongguan Packing      | 8,602,009.10      | -        | -             | 8,602,009.10   | -                              | -                                      |
| Chuzhou Konka TID     | 40,000,000.00     | -        | 40,000,000.00 | -              | -                              | -                                      |
| Konka Ventures        | 2,550,000.00      | -        | -             | 2,550,000.00   | -                              | -                                      |
| Konka Pengrun         | 25,500,000.00     | -        | -             | 25,500,000.00  | -                              | -                                      |
| Konka Unifortune      | 15,300,000.00     | -        | -             | 15,300,000.00  | -                              | -                                      |
| Konka Investment      | 40,000,000.00     | -        | -             | 40,000,000.00  | -                              | -                                      |
| Jiangxi Konka         | 689,680,000.00    | -        | -             | 689,680,000.00 | -                              | -                                      |

| Investee  | Beginning balance | Increase       | Decrease | Ending balance   | Depreciation reserve withdrawn | Ending balance of depreciation reserve |
|---|-------------------|----------------|----------|------------------|--------------------------------|--|
| Electronics Technology                                | 1,000,000,000.00  | -              | -        | 1,000,000,000.00 | -                              | -                                      |
| Sichuan Kangjiatong                                   | 1,020,000.00      | 14,280,000.00  | -        | 15,300,000.00    | -                              | -                                      |
| Econ Technology                                       | 688,500,000.00    | -              | -        | 688,500,000.00   | -                              | -                                      |
| Konka Huanjia   | 91,800,000.00     | -              | -        | 91,800,000.00    | -                              | -                                      |
| Shenzhen Nianhua                                      | 30,000,000.00     | -              | -        | 30,000,000.00    | -                              | -                                      |
| Shanghai Konka  | 40,000,000.00     | -              | -        | 40,000,000.00    | -                              | -                                      |
| Shenzhen KONSEMI                                      | 14,000,000.00     | 71,720,000.00  | -        | 85,720,000.00    | -                              | -                                      |
| Konka Ronghe Industrial Technology (Foshan) Co., Ltd. | -                 | 5,100,000.00   | -        | 5,100,000.00     | -                              | -                                      |
| Suining Electronic Technological Innovation           | -                 | 200,000,000.00 | -        | 200,000,000.00   | -                              | -                                      |
| Shenzhen Konka Eco-Development Investment Co., Ltd.   | -                 | 50,000.00      | -        | 50,000.00        | -                              | -                                      |
| Suining Konka   | -                 | 200,000,000.00 | -        | 200,000,000.00   | -                              | -                                      |

| Investee | Beginning balance | Increase       | Decrease      | Ending balance   | Depreciation reserve withdrawn | Ending balance of depreciation reserve |
|----------|-------------------|----------------|---------------|------------------|--------------------------------|--|
| Total    | 4,562,175,372.51  | 551,150,000.00 | 47,200,000.00 | 5,066,125,372.51 | -                              | 46,732,484.69                          |

## (3) Investment to Joint Ventures and Associated Enterprises

| Investee  | Beginning balance | Beginning balance of depreciation on reserve | Increase/decrease     |                    |   |  | Changes of other equity |
|---|-------------------|--|-----------------------|--------------------|---|--|-------------------------|
|   |                   |  | Additional investment | Reduced investment | Gains and losses recognized under the equity method | Adjustment of other comprehensive income |                         |
| Shenzhen Konka Information Network Co., Ltd.              | 19,155,353.91     | 5,158,909.06                                 | -                     | -                  | -10,458,637.68                                      | -  | -                       |
| Shenzhen Yaode Technology Co., Ltd.                       | 222,210,835.18    | -  | -                     | -                  | 1,615,602.55  | -  | -                       |
| Chutian Dragon Co., Ltd.                                  | 624,845,604.93    | -  | -                     | -                  | 13,279,493.50                                       | -  | -                       |
| Konka Green, Konka Technology                             | 78,409,903.14     | -  | -                     | -                  | -180,177.55   | -  | -                       |
| Zhuhai Jinsu Plastic Co., Ltd.                            | 11,040,246.82     | -  | -                     | -                  | 428,175.28  | -  | -                       |
| Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd. | 2,287,478.52      | -  | -                     | -                  | -152,488.28   | -  | -                       |
| Shenzhen Zhongbing Konka Technology Co., Ltd.             | 10,617,873.79     | -  | -                     | -                  | -2,230,059.14                                       | -  | -                       |
| Guangdong Hotcomm Information Technology Co., Ltd.        | -                 | -  | -                     | -                  | -   | -  | -                       |

| Investee   | Beginning balance | Beginning balance<br>of depreciation on<br>reserve | Increase/decrease        |                       |   |  | Changes of other<br>equity |
|--|-------------------|--|--------------------------|-----------------------|---|--|----------------------------|
|  |                   |  | Additional<br>investment | Reduced<br>investment | Gains and losses<br>recognized under<br>the equity method | Adjustment of other<br>comprehensive<br>income |                            |
| Zhonggao Konka Intelligent Technology<br>(Beijing) Co., Ltd. | -                 | -  | -                        | -                     | -   | -  | -                          |
| Shenzhen OCT LIFE Network Technology<br>Co., Ltd.            | 3,592,514.06      | -  | -                        | 3,592,514.06          | -   | -  | -                          |
| Kunshan Konka  | 146,846,610.14    | -  | -                        | -                     | -4,811,843.11   | -  | -                          |
| Kunshan Kangsheng  | 175,254,554.65    | -  | -                        | -                     | -   | -  | -                          |
| Kaikai Shijie  | 35,364,497.05     | -  | -                        | -                     | -   | -  | -                          |
| Shenzhen Bosser New Materials Co., Ltd.                      | 79,859,338.44     | -  | -                        | -                     | 1,056,895.31  | -  | -                          |
| Helongjiang Longkang Zhijia Technology Co.,<br>Ltd.          | 6,400,480.52      | -  | -                        | -                     | -239,050.00   | -  | -                          |
| Shaanxi Silk Road Cloud Smart Tech Co.,<br>Ltd.              | 4,522,509.33      | -  | -                        | -                     | -   | -  | -                          |
| Wuhan Tianyuan Environmental Protection<br>Co., Ltd.         | 252,270,255.47    | -  | -                        | -                     | 5,620,617.83  | -  | -                          |
| Shenzhen E-display Co., Ltd.                                 | -                 | -  | -                        | -                     | -   | -  | -                          |
| Chuzhou Konka TID  | -                 | -  | -                        | -                     | -   | -  | -                          |

| Investee | Beginning balance | Beginning balance<br>of depreciation on<br>reserve | Increase/decrease        |                       |   |  |                            |
|----------|-------------------|--|--------------------------|-----------------------|---|--|----------------------------|
|          |                   |  | Additional<br>investment | Reduced<br>investment | Gains and losses<br>recognized under<br>the equity method | Adjustment of other<br>comprehensive<br>income | Changes of other<br>equity |
| Total    | 1,672,678,055.95  | 5,158,909.06                                       | -                        | 3,592,514.06          | 3,928,528.71  | -  | -                          |

(Continued)

| Investee  | Increase/decrease                           |                                       |       | Ending balance | Ending balance of<br>depreciation reserve |
|---|---|---------------------------------------|-------|----------------|---|
|   | Cash bonus or profits<br>announced to issue | Withdrawal of<br>impairment provision | Other |                |   |
| Shenzhen Konka Information Network Co., Ltd.              | -   | -                                     | -     | 8,696,716.23   | 5,158,909.06                              |
| Shenzhen Yaode Technology Co., Ltd.                       | -   | -                                     | -     | 223,826,437.73 | -   |
| Chutian Dragon Co., Ltd.                                  | -   | -                                     | -     | 638,125,098.43 | -   |
| Konka Green, Konka Technology                             | -   | -                                     | -     | 78,229,725.59  | -   |
| Zhuhai Jinsu Plastic Co., Ltd.                            | 2,070,000.00                                | -                                     | -     | 9,398,422.10   | -   |
| Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd. | -   | -                                     | -     | 2,134,990.24   | -   |
| Shenzhen Zhongbing Konka Technology Co., Ltd.             | -   | -                                     | -     | 8,387,814.65   | -   |
| Guangdong Hotcomm Information Technology Co., Ltd.        | -   | -                                     | -     | -              | -   |
| Zhonggao Konka Intelligent Technology (Beijing) Co., Ltd. | -   | -                                     | -     | -              | -   |
| Shenzhen OCT LIFE Network Technology Co., Ltd.            | -   | -                                     | -     | -              | -   |
| Kunshan Konka   | -   | -                                     | -     | 142,034,767.03 | -   |

| Investee  | Increase/decrease                        |                                    |                      | Ending balance          | Ending balance of depreciation reserve |
|---|--|------------------------------------|----------------------|-------------------------|--|
|   | Cash bonus or profits announced to issue | Withdrawal of impairment provision | Other                |                         |  |
| Kunshan Kangsheng                                 | -  | -                                  | -                    | 175,254,554.65          | -                                      |
| Kaikai Shijie                                     | -  | -                                  | -                    | 35,364,497.05           | -                                      |
| Shenzhen Bosser New Materials Co., Ltd.           | -  | -                                  | -                    | 80,916,233.75           | -                                      |
| Helongjiang Longkang Zhijia Technology Co., Ltd.  | -  | -                                  | -                    | 6,161,430.52            | -                                      |
| Shaanxi Silk Road Cloud Smart Tech Co., Ltd.      | -  | -                                  | -                    | 4,522,509.33            | -                                      |
| Wuhan Tianyuan Environmental Protection Co., Ltd. | -  | -                                  | -                    | 257,890,873.30          | -                                      |
| Shenzhen E-display Co., Ltd.                      | -  | -                                  | 16,926,689.50        | 16,926,689.50           | -                                      |
| Chuzhou Konka TID                                 | -  | -                                  | 17,270,427.37        | 17,270,427.37           | -                                      |
| <b>Total</b>                                      | <b>2,070,000.00</b>                      | <b>-</b>                           | <b>34,197,116.87</b> | <b>1,705,141,187.47</b> | <b>5,158,909.06</b>                    |

## 5. Operating Revenue and Cost of Sales

### (1) Operating Revenue and Cost of Sales

| Item             | Reporting Period        |                         | Same period of last year |                         |
|------------------|-------------------------|-------------------------|--------------------------|-------------------------|
|                  | Operating revenue       | Cost of sales           | Operating revenue        | Cost of sales           |
| Main operations  | 3,321,449,906.68        | 3,349,145,473.78        | 4,519,683,896.29         | 4,013,358,791.77        |
| Other operations | 2,046,571,803.72        | 1,915,004,019.37        | 2,036,884,619.01         | 1,944,666,140.94        |
| <b>Total</b>     | <b>5,368,021,710.40</b> | <b>5,264,149,493.15</b> | <b>6,556,568,515.30</b>  | <b>5,958,024,932.71</b> |

### (2) Main Operations (Classified by Industry)

| Industry            | Reporting Period        |                         | Same period of last year |                         |
|---------------------|-------------------------|-------------------------|--------------------------|-------------------------|
|                     | Operating revenue       | Cost of sales           | Operating revenue        | Cost of sales           |
| Electronic industry | 3,321,449,906.68        | 3,349,145,473.78        | 4,519,683,896.29         | 4,013,358,791.77        |
| <b>Total</b>        | <b>3,321,449,906.68</b> | <b>3,349,145,473.78</b> | <b>4,519,683,896.29</b>  | <b>4,013,358,791.77</b> |

### (3) Main Operations (Classified by Product)

| Product                      | Reporting Period        |                         | Same period of last year |                         |
|------------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
|                              | Operating revenue       | Cost of sales           | Operating revenue        | Cost of sales           |
| Color TV business            | 3,090,957,961.84        | 3,121,985,874.83        | 4,224,714,468.42         | 3,730,979,831.79        |
| Consumer appliances business | 42,860,456.45           | 37,086,020.47           | 100,943,929.96           | 89,279,454.11           |
| Other                        | 187,631,488.39          | 190,073,578.48          | 194,025,497.91           | 193,099,505.86          |
| <b>Total</b>                 | <b>3,321,449,906.68</b> | <b>3,349,145,473.78</b> | <b>4,519,683,896.29</b>  | <b>4,013,358,791.77</b> |

### (4) Main Operations (Classified by Area)

| Area           | Reporting Period        |                         | Same period of last year |                         |
|----------------|-------------------------|-------------------------|--------------------------|-------------------------|
|                | Operating revenue       | Cost of sales           | Operating revenue        | Cost of sales           |
| Domestic sales | 2,567,643,989.49        | 2,621,004,287.15        | 3,600,826,510.58         | 3,175,143,251.38        |
| Overseas sales | 753,805,917.19          | 728,141,186.63          | 918,857,385.71           | 838,215,540.39          |
| <b>Total</b>   | <b>3,321,449,906.68</b> | <b>3,349,145,473.78</b> | <b>4,519,683,896.29</b>  | <b>4,013,358,791.77</b> |



### (5) Operating Revenue from the Top 5 Customers

| Period        | Total operating revenue from the top 5 customers | Proportion to the operating revenue of the Reporting Period |
|---------------|--|---|
| Jan.-Jun.2019 | 948,596,365.49                                   | 17.67   |
| Jan.-Jun.2018 | 1,421,092,900.82                                 | 11.74   |

### 6. Investment Income

| Item   | Reporting Period      | Same period of last year |
|--|-----------------------|--------------------------|
| Long-term equity investment income accounted by cost method                              | -                     | 634,394,080.11           |
| Long-term equity investment income accounted by equity method                            | 3,928,528.71          | 13,240,183.30            |
| Investment income from disposal of long-term equity investment                           | 79,766,195.94         | 48,431,372.55            |
| Investment income from holding of financial assets at fair value through profit or loss  | -10,285,883.02        | -                        |
| Investment income from disposal of financial assets at fair value through profit or loss | -                     | -82,412,478.05           |
| Investment income from holding of held-to-maturity investments                           | -                     | -                        |
| Investment income from disposal of held-to-maturity investments                          | -                     | -                        |
| Investment income from holding of available-for-sale financial assets                    | -                     | 13,740,000.00            |
| Investment income from disposal of available-for-sale financial assets                   | -                     | -                        |
| Gains from re-measurement of residual equity at fair value after losing control power    | 1,225,905.15          | 445,568,627.45           |
| Income from entrust financial products and entrust loans                                 | 111,340,992.10        | 86,485,492.92            |
| Financial assets transferred from equity investments accounted by equity method          | -                     | -                        |
| <b>Total</b>   | <b>185,975,738.88</b> | <b>1,159,447,278.28</b>  |

### XVI. Supplementary Materials

#### 1. Items and Amounts of Non-recurring Profit or Loss

| Item  | Amount         | Note |
|---|----------------|------|
| Gain/Loss arising from disposal of non-current assets | 570,011,162.17 |      |

| Item  | Amount         | Note |
|---|----------------|------|
| Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents   |                |      |
| Government subsidies recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards   | 320,821,164.45 |      |
| Capital occupation charges on non-financial enterprises that are recorded into current profit or loss   |                |      |
| Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments  |                |      |
| Gain/Loss on non-monetary asset swap  |                |      |
| Gain/Loss on entrusting others with investments or asset management   | 110,312,982.21 |      |
| Asset impairment provisions due to acts of God such as natural disasters  |                |      |
| Gain/Loss from debt restructuring   |                |      |
| Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.  |                |      |
| Gain/Loss on the part over the fair value due to transactions with distinctly unfair prices   |                |      |
| Current net profit or loss of subsidiaries acquired in business combination under the same control from period-beginning to combination date  |                |      |
| Gain/Loss incurred from contingency unrelated to the Company's normal operating businesses.   |                |      |
| Gain/Loss on changes in fair value arising from holding of trading financial assets and liabilities and investment income from disposal of trading financial assets, financial liabilities and available-for-sale financial assets other than effective hedge business related to the Company's normal operating businesses | -13,291,264.69 |      |
| Reverse of bad debt provision of accounts receivable individually conducting impairment test  |                |      |
| Gain/loss on entrustment loans  | 928,721.16     |      |
| Gain/loss on change in fair value of investment property of which the subsequent  |                |      |

| Item   | Amount                  | Note |
|--|-------------------------|------|
| measurement is carried out adopting fair value method  |                         |      |
| Effect on current profit or loss when a one-off adjustment is made to current profit or loss according to requirements of taxation, accounting and other relevant laws and regulations |                         |      |
| Custody fee income when entrusted with operation   |                         |      |
| Other non-operating income and expense other than the above  | 19,460,574.99           |      |
| Project confirmed with the definition of non-recurring gains and losses and losses   | 136,688,905.38          |      |
| Subtotal   | <b>1,144,932,245.67</b> |      |
| Income tax effects   | 82,538,800.98           |      |
| Non-controlling interests effects (after tax)  | 86,714,790.39           |      |
| Total  | <b>975,678,654.30</b>   |      |

Note: the number “+” among the non-recurring profit or loss items refers to revenue and income, while “-” referred to losses or expense.

The recognition of the non-recurring profit or loss items was executed according to the regulations of No.1 of the Information Disclosure Explanatory Notice of the Companies Public Offering Securities-Non- recurring Profit or Loss (ZJH Announcement [2008] No. 43) .

Amount involved in the item that the Company classifies as an non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item (including government subsidies recorded in the current profit or loss) is as follows:

| Item                 | Amount        | Reason  |
|----------------------|---------------|---|
| Software tax rebates | 23,063,806.91 | Government grants recognized in the current period, and acquired in the ordinary course of business or granted at certain quotas or amounts according to the government’s unified standards |

## 2. Return on Equity and Earnings Per Share

| Profit as of Reporting Period | Weighted average ROE | EPS (Yuan/share) |
|-------------------------------|----------------------|------------------|
|-------------------------------|----------------------|------------------|

Konka Group Co., Ltd.  
Interim Report 2019

|   |       | EPS-basic | EPS-diluted |
|---|-------|-----------|-------------|
| Net profit attributable to ordinary shareholders of the Company   | 4.25  | 0.1465    | 0.1465      |
| Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss | -7.51 | -0.2587   | -0.2587     |

## **Part XI Documents Available for Reference**

- I. The financial statements with the signatures and seals of the Company's legal representative, Chief Financial Officer and head of the financial department;
- II. The originals of all the Company's documents and announcements disclosed to the public via newspapers designated by the CSRC in the Reporting Period; and
- III. Other relevant materials.

The Board of Directors  
Konka Group Co., Ltd.  
6 August 2019